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er his definition of sophistry, which may specify reasoning, but which had a good stronger which had main the weak a ord stronger." make the weak a crd stronger."

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New York Times Service

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PARIS, TUESDAY, MAY 12, 1992

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Struggling to force Serbia to end its military intervention in the newly-independent republic of Bosnia-Herzegovina, European Community foreign ministers decided Monday to recall their ambassadors from Belgrade and seek the international isolation of what remains of Yu-

goslava.

At a meeting in Brussels, Community foreign ministers also backed American efforts to have Serbia and Montenegro suspended from the Conference on Security and Cooperation in Europe and threatened to tighten existing eco-nomic sanctions against Belgrade into "a total

personde people to do the wrong time is a fits failure to curb minimary officers by the series from — using skills gained by a greenest from a gr

said Belgrade's role in Bosnia-Herzegovina, where some 1,300 people have died in fighting over the past six weeks, deserved "universal condemnation." They described the Serbian forces as an army of occupation in the new

The Dutch foreign minister, Hans van den Brock, said. The role of the army is predominant there where the fighting flares up, where violence escalates and where innocent victims

die."
Aniong the former Yugoslav republics, Bosnia-Herzegovina as well as Slovenia and Croatia have already won diplomatic recognition from the Community and the United States. Serbia and Montenegro have decided to remain united in a reflected Yugoslavia, although Serbia claims to appreciate Serbian minorities in Croatia and Bosnia Miczegovina.

The sight former Magoslav republic, Maccedonia assessing decimals is independence, but Greenia 195 as oliocked its recognition by the Comminator, arguing that the new state's determination to be called "Maccedonia" hides territonial ambitions over the adjacent Greek prov-

ince of the same name.

Although Greece's Community partners are growing impatient with its use of its veto right, the foreign ministers on Monday once again postponed recognizing Macedonia, allowing another four weeks for Athens and Skopje to reach an agreement on an acceptable name for

The Greek prime minister, Constantine Mitsotakis, attended Monday's meeting in Brusses. He has warned that Greek public opinion was inflamed by the new republic's claim to the name of Macedonia and that his government could fall if Greek concerns were ignored by the international community.

But most of Monday's session was given over to the military crisis, with Germany's outgoing foreign minister, Hans-Dietrich Genscher, warning Serbia and Montenegro that they will not be recognized as the "successor state" to

See EC, Page 4.



From his own apartment, shelled by the Yugoslav Army, a Bosnian defender in firing position Monday as fighting continued in Sarajevo.

## Serbs Rain Artillery Shells on Sarajevo

By Blaine Harden

Washington Post Service
BELGRADE — Serbian forces continued to BELGRADE — Serbian forces continued to shell Sarajevo on Monday, and fighting raged in several other cities in Rosnia-Herzegovina.

A Western diplomat here said that the United Nations was "looking at a plan" to use military force to lift the five-week seige of Bosnia's capital, Sarajevo. But he said that so far, the "enthusiasm factor" was missing.

Seventeen people were reported killed Monday, and there were reports of village-to-village fighting between Serbs and Muslims, as well as between Muslims and Croats Bosnia is the

between Muslims and Croats, Bosnia is the most ethnically explosive corner of Europe, and it is feared that the civil war there may be taking on a momentum that no government or party

leader may be able to stop.

International agencies based in Sarajevo are on the verge of pulling out, according to staff in

"The risks are almost intolerable," said a UN spokesman in Sarajevo, adding that "criminality and anarchy" are increasing daily.

The UN's peacekeeping mission for bordering Croatia, where 14,000 troops are being deployed to maintain a five-month-old truce

UN weight troop escent for conveys of food and medicine in Bosnia-Herzegovina. Page 2.

between Croatia and Serbia, is based in Saraje-vo. But it appeared likely that the UN would move out most of its staff this week.

Two UN jeeps carrying peacekeeping per-somel were stopped at a roadblock in Sarajevo on Monday. The men were relieved of their weapons; the jeeps were stolen. Over the weekend, Serb forces took two trucks belonging to the International Red Cross, which has tentatively announced plans to leave the city.

European Community observers, who have been harassed and threatened by Serb lighters, were also likely to leave the capital this week, according to a senior EC official in Sarajevo.

The independent Belgrade daily paper Borba reported in a front-page article headlined "The Murder of Sarajevo" that Serbs were systematically destroying the capital and indiscriminately killing civilians.

"It is hard to conceive of anything so evil in the civilized world," said the first detailed ac-count published in the mainstream Belgrade media about what Serbian forces are doing to

State radio and television, which is persona y controlled by the Serbian leader Slobodan vilosevic, continues to describe the fighting there as a justified response to Muslim aggression — a version of events dismissed by West-

See BOSNIA, Page 4

## ministron to be called "Maccolomia" hides textitomal ambitions over the adjacent Greek prov. U.S. Nuclear Arsenal: No Secret, It's Shrinking

By Thomas W. Lippman

WASHINGTON - After a year of breathtaking developments that completely altered the U.S. strategic situation, the unthinkable has become commonplace. The United States is not producing nuclear weapons or manufacturing utonium or weapons-grade uranium.

Information that it would have been treasonous to divelge for more than 40 years is routinely made public. And money is being taken out of the bomb-building budget to retrain laid-off

In extensive testimony by Energy Secretary James D. Watkins and Assistant Secretary Richard A. Claytor, and in a written report delivered to Congress last week, the Energy Department piled up details of the astonishing transformation of the nation's nuclear weapons factories brought about by the end of the Cold Staff, the "active stockpile" of about 20,000

In the crowded hearing room of the Senate Armed Services Committee, nobody blinked last week when Mr. Watkins observed that "for the first time since 1945; the United States is not building any nuclear weapons," or when he said that the nation's stockpile of nuclear warheads was likely to decline to 6,300 or fewer by the end of the decade from 20,000 in 1991, or when Mr. Claytor announced that the amount of radioactive tritium in the nation's arsenal once the most closely guarded of secrets -

would be declassified "in a matter of days." The testimony and report contained little information not previously revealed in one way or another. But cumulatively they showed the

scope of the change. As revealed in January by General Colin L. Powell, the chairman of the Joint Chiefs of

fiscal year is to be below 10,000 by Sept. 30. 2001, and as much as one-third lower than that if the former Soviet republics accept reciprocal arms reduction proposals by President George Bush. Some projections put the number closer

The Energy Department has abandoned plans to resume production of plutonium "pits," or triggers, at the Rocky Flats plant near Denver. Once Mr. Bush decided to cap the arsenal of W-88 warheads for Trident missile submarines at the current level of about 400, there was no further need for production of the

Underground testing of nuclear weapons continues. But Mr. Watkins said that only six See ARMS, Page 4

## Jet Fighters Go on Hold Bonn May Leave **Europe Project**

By Stephen Kinzer
New York Times Service

BONN — The German government, increasingly pressed for cash, is reportedly planning to withdraw from a European project to design and build a new jet fight-

Germany's decision means that the multibillion-dollar project, which was developed in cooperation with France, Spain and Britain, will probably be scrapped. On Monday, the German news agency DPA quoted unnamed Defense Ministry

Kohl says unions are endangering the stability of the mark. Page 2.

officials as saying the plane was, in the words of a colonel, "finally dead." In an interview published last week, Defense Minister Volker Rühe said, "I am skeptical about whether we need a super bird now that security politics have changed." Mr. Rühe said he would make a

formal recommendation to the government June 1. Pressure to pull out of the project has been growing in Bonn since soon after German unification in 1990. Not only was Germany's principal military threat col-lapsing but the air force suddenly received 24 Soviet-made MiG-29 fighters that had been part of the East Germans Air Force.

In recent months, German leaders have been asserting in public that the country cannot bear all the economic burdens it has assumed. The government has spent far more than expected to pay the cost of German unification and to aid the repub-

lies of the former Soviet Union.

Some politicians looking for budget savings had suggested that the move of the political capital to Berlin be postponed, or that Berlin's bid for the Olympic games in the years 2000 be withdrawn. When nei-ther of these suggestions won broad sup-port, attention inevitably turned to the socalled European Fighter Aircraft, or EFA.

The international consortium formed in 1986 to build the jet was to have produced 764 planes. Cuts in orders from Germany. Italy and Spain later reduced the number to 667.

Each plane was originally to have cost about \$39 million, but new estimates re-leased last weekend put the true cost at more than double that.

Germany has already invested 53.6 bil-lion in the project, and the first prototype of the new plane is nearly finished and scheduled to be unveiled later this year.
As recently as last month, senior government officials were saying that they were determined to go ahead with full scale production. They said a new-generanon plane was needed to guarantee European security into the next century.

Several members of parliament, however, urged that the program be scrapped. We don't have the East-West confrontation any more, and we must save money," Otto Hauser, a member of parliament from the ruling Christian Democratic Union, said recently on television. "We don't need the EFA."

The newsmagazine Der Spiegel said the plane "has become a symbol for the irresponsible waste of government funds." According to published reports, Mr.

See JET. Page 4

## U.K. Defies Community On Control At Borders

**ESTABLISHED 1887** 

**Hurd Bases Position** On 'Particular' Needs Of an Island Nation

By Charles Goldsmith

International Herald Tribune
BRUSSELS — Britain defiantly insisted on Monday that it would resist the European Community's plan to abolish passport checks on EC nationals within the Community at the end of the year.

"We are obliged by our own self-protection to maintain the kind of controls which we have, which are particular for us because of our geography, because we are an island," said the British foreign secretary. Douglas Hurd, at a meeting of Community foreign ministers.

In London, Home Secretary Kenneth Clarke warned that a weakening of immigration controls could invite a rise in "the kind of right-wing movements they have in France and the certainly have in Germany."

"I don't ever want to see such extreme rightwing views emerging in this country or anywhere inside the Community." Mr. Clarke said.
The EC Commission maintains that the
Community's post-1992 single-market program mandates free movement of people, 25 well as goods and capital, effective Jan. 1, and that passport checks on people traveling from one EC country to another violates that principle of free movement.

"It is vital that governments grow closer together on immigration matters so that free movement of people can be achieved," the Commission president, Jacques Delors, told the Britain, convinced that attempts at illegal

immigration into the Community will increase in years to come, has balked at the EC attempt to allow people, as well as merchandise, to move without controls within the Community, "We accept that EC citizens should trave!

freely, but obviously we have to check that they are EC citizens," said Mr. Hurd. "The minimum is the ability to ask people to show whether they are an EC citizen." The Commission could take Britain to the

European Court of Justice next year if it refuses to abolish the passport checks, but Mr. Hurd seemed unconcerned.
"We will hold onto what we need to retain."

be said. "I think we are on extremely strong Unstated publicly, but clearly a vital part of British opposition to an abolition of passport

checks, is a distrust of border-control procedures in some of the EC's southern countries. where many illegal immigrants seek entry.

The Commission's blueprint for a "strong perimeter," with free movement within the EC

cannot work, in Britain's view, until the southern tier of the perimeter is tightened up significantly. As an island, Britain has certain advantages

over the Community's Continental members in keeping out what it sees as undesirables, and it is not about to surrender those advantages in the name of greater EC unity.

Possibilities are open to us to control at

airports and seapon which are not open to our partners who bave huge land borders." Nr. Hurd said. "This is a very practical difference." Britain's EC partners seem willing to go along with the Commission's call to end passe port checks on travel within the Community. but several say there must be a transition period

See BORDERS, Page 4

## **PASSAGES**

## In China, the Creation of a New Order

By Nicholas D. Kristof New York Times Service DONGGUAN, China - For anyone who thinks of Communist Party bosses in China as old ideologues in Mao suits, Lin Shuji comes as a surprise. A 43-year-old dynamo who favors well-cut

business attire, Mr. Lin uses his tiny Motor-ola cellular telephone not to mount "political study" campaigns but to recruit foreign in-One of his favorite economists is Milton Friedinan, the American proponent of free markets, and Mr. Liu's aim is to spread

wealth rather than revolution. Mr. Lin, the party secretary for the urban area of Dongguan, one of the richest cities in southern China, is an example of the new breed of Communist officials emerging in towns throughout the nation. Reared amid the fervor of the Maoist era — and turned off by it - they prefer practical policies to promote economic growth through contact with

"The Communist Party and the Republican Party and the Democratic Party are the same in some ways," Mr. Liu said in his elegant office overlooking the main street of Dongguan. "You can't pressure people to stay in power. You've got to give people a better life and insprove the economy. If the economy doesn't improve, then the Commu-nist Party is in trouble."

The party is often a different creature at the local level from that at the center, and nowhere is this more true than here in Gnangdong Province, adjacent to Hong Kong, Mr. Liu's pragmatism seems fairly typical

of his generation, and in many ways he offers a window into the minds that run China's local governments.

A soft-spoken man with a boyish face and a mischievous grin, he was born to a peasant family in Guangdong. As a university student during the Cultural Revolution, the tunnelt that lasted from 1966 to 1976, he was one of the unilions of Red Guards who made revolution on a daily basis. He became a leader of a Red Guard faction in the provincial capital, Guangzhou, and battled rival groups.

That experience apparently sapped his revolutionary ardor, for Mr. Liu was already a committed pragmatist in the early 1980s when he worked as a local official in the farm town of Humen. The challenge was to apply a

See CHINA, Page 4

## In North Korea, Homage to the Old

By David E. Sanger New York Times Service

PYONGYANG, North Korea - These have been a busy few weeks in Paradise. Every day for weeks now, thousands of North Koreans have poured into the national stadium here to watch the "mass games" in honor of the 80th birthday of Kim Il Sung, the country's perpennally landed "Great

With endless waves of students streaming onto the field in regimented rows, this is not your ordinary halftime show. Teaching came to a halt in many Pyongyang schools mouths ago so that 100,000 children could could for the daily gymnastic extravaganza, learning the somersaults and synchronized wrist lips needed to create an ever-changing tablean of the Great Leader with thousands of hand-held placards.

For North Koreans whose tastes lean toward higher culture, there is always the opera, "My Happy Country With a Great Leader." It plays nightly to a packed house.

And in the Reunification Housing Project across town, workers are furiously preparing 50,000 apartments that are one of the Great Leader's birthday gifts to his people. Never mind that heat and electricity are in short supply, keeping many from moving in.

With North Korea's economy in a shambles, its oil supplies from Russia dwindling, meat hard to find, and former Communist allies finding friends elsewhere, one might think that festivities for the only leader this country has ever known might be a bit muted. Onite to the contrary.

"The worse things get, the louder everyone becomes about the Great Leader's infallibil-" an Eastern European diplomat said. This place just gets scaner and scarier." By the most conservative estimates, the celebrations in honor of Mr. Kim - and the 50th birthday of his son, Kim Jong II, the

"Dear Leader" and heir apparent — cost this country tens of millions of dollars. But North

Korea's leaders reject any suggestions that the money might be better spent overhanling the nearly moribund economy, or feeding people in regions where there are fears of majoutrition

"Of course the economy is facing some hardships," said Kim Dal Hyon, the deputy prime minister, "And it costs a bit of money to construct all these new memorials. But we have to pay it. We have to educate our people. Because of this, we don't have any social evils like alcohol, drugs, and so forth."

One of North Korea's few admitted evils, however, is sloppy bookkeeping. Kim Dal Hyon said he could not estimate how much the celebrations cost. "You know," he added, shrugging his shoulders, "the main shortcoming of all socialist countries is that we are not clever with figures." For North Korea-watchers, the past few

kind that in another era would have tickled Kremlinologists. For example, for the first time, North Ko-See KOREA, Page 4

weeks have been full of bule surprises, the



PESO POWER — A Philippine woman waving a sample ballot and money she said a local candidate gave to her Monday. Results in the national elections are not expected for several days, but an exit poll by ABS-CBN television showed a former judge, Miriam Defensor Santiago, slightly ahead of Fidel V. Ramos, the former defense secretary, in the presidential race.

## Kiosk

#### Ex-Chief of CIA To Head Probe Of Police in Riot

LOS ANGELES (AP) -- William H. Webster, former head of the CIA and FBI, was named Monday to head an investigation into whether the police were slow to respond to last week's riots in Los Angeles.

The police chief, Daryl F. Gates, promised to cooperate with the probe, to be conducted by an independent commission. The appointment of Mr. Webster and other members of the panel was announced by the Police Commission. Mayor Tom Bradley, who re-

quested the independent investigation, will give the commission subpoena power if necessary, said Bill Chandler, Mr. Bradley's spokesman. The police were wide, accused

of intervening too late and of doing too little to protect businesses during the April 29-May 1 riots. In Washington, Democratic congressional leaders said they were prepared to pass legislation sought by President George Bush to create urban enterprise zones. and they appealed to him to support other domestic initiatives.

They were to meet with him Tues-Related articles, Page 3

Crossword

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## Ground Control Steadies Intelsat 6 for a 2d Rescue Attempt

HOUSTON - Two astronauts floated into the shuttle Endeavour's cargo bay Monday for a second attempt to capture a wayward communications satellite and haul it aboard for repairs.

A first attempt Sunday sent the Intelsat 6 satellite, which is to be used to broadcast the Summer Olympics, spinning wildly. Commander Pierre Thuot of the navy and Richard Hieb, a civilian mission specialist, both 36, floated out of Endeavour's air lock to begin a planned six-hour

"We're all well rested and ready to go try it again," the Endeavour commander, Captain Daniel Brandenstein, 47, of the navy, radioed mission control Monday norning. The spacewalkers planned to pull the crippled communications satellite into En-

deavour's cargo bay, bolt on a new rocket hook for grappling. As a result, it is almost motor and redeploy the costly spacecraft. The satellite was put in a more stable spin Monday through the coordinated efforts of controllers in Brazil, Senegal. Indo-

#### ■ First Efforts Go Awry

nesia, Australia and Hawaii

Kathy Sawyer of The Washington Post toy top slowing down. eported from Houston.

Things went seriously wrong in orbit Sunday when Commander Thuot tried to point. snare the wayward satellite by clamping a spring-loaded bar onto the spinning Intel-

To save 27 ponods (12 kilograms), which would require extra fuel and cut down on revenue over the satellite's lifetime, officials said, Intelsat 6 had been built with oo

On the first try, the 18-foot (5.5-meter) long, 4.5-ton communications satellite went yawing off to the right. "Oh, man," Commander Thuot said over his spacesuit

After that, the satellite was seen wob-

bling and tumbling wildly on its axis like a "We gotta get away from this thing," Captain Brandenstein said tersely at one

Mr. Hieb reported that "the coning angle is about 45 degrees," meaning the wob-ble. Shuttle officials said the most the astronauts could handle was a wobble of 20

Second, third and fourth passes at the satellite failed. Commander Thuot shouted

Melnick of the Coast Guard. "Pitch down! Pitch down! Pitch down! Right! Right! Right! Back up! Back up! Back up!"

Then later another voice commanded: "Pierre, get out of there."

"Oh, shoot!"

About 20 minutes into the operation, the pilot, Lieutenant Colonel Kevin P. Chilton, of the air force, asked if the shuttle could back off and fly in formation with the satellite at a distance of about 25 miles so that the crew, shuttle managers at mission control in Houston and Intelsat controllers at the consortium's headquarters in Washington could assess the situation. Forty minutes later, the astronauts began

packing up their tools. "It's drifting down below the tail," Cap-

urgent instructions to Commander Bruce tain Brandenstein told Mission Control. "I don't want to lose sight of it."

Intelsat, an international consortium of 122 countries, has \$300 million on the line with the satellite. The amount includes the cost of the satellite, its launching, other costs and the \$94 million that Intelsat paid to National Aeronautics and Space Ad-

ministration for the shuttle rescue. Later this month, if the rescue is accomolished, and a new rocket motor does its ob, Intelsat 6 is to settle into its intended orbit 23,000 miles (37,000 kilometers) above the Atlantic.

The uninsured satellite went into a similar tumble when it was launched in 1990 aboard an unmanned Titan rocket, but was soon stabilized. Yet, the satellite had been stranded in a uscless orbit because of a wiring error when it was launched.

## Rabin Puts His Priority on Support

WORLD BRIEFS

For Immigrants Over Settlements JERUSALEM (NYI) - Yitzhak Rabin of the opposition Labor Party

said Monday that government money now being spent on Jewish settle-ments in Israel's occupied territories should be used instead to absorb immigrants from the former Soviet Union. Mr. Rabin, who was elected Labor Party leader three months ago, also said that Palestinian autonomy in the territories could be achieved without endangering Israeli security, and he suggested that the present

government was not forthcoming enough in the Middle East peace With national elections six weeks away, Mr. Rabin is considered by

many analysts to have a good chance of becoming prime minister, either by replacing Yitzhak Shamir of Likud or perhaps by alternating with Mr. Shamir in a revival of the Likud-Labor coalitions of the 1980s. Opinion polls consistently put Labor ahead. A survey published Friday by the newspaper Yedioth Aharonoth gave Labor 46 seats and Liked 31 in the 120-member parliament:

#### Talks on Mideast Open in Brussels

BRUSSELS (Reuters) — Talks on regional issues connected with Middle East peace efforts began in Brussels on Monday with Israel boycotting them because Palestinians from outside the occupied territories were taking part.

Syria and Lebanon also stayed away from the talks in the Egmont Palace, the first in a series of five meetings that will take place in different cities. The others will cover arms control, in Washington; water-sharing in Vienna; the environment, in Tokyo; and refugees, in Ottawa.

The regional talks are meant to complement the main Middle East negotiations between Israel and its Arab neighbors, which began in Madrid last fall. Syria and Lebanon have announced they are boycotting all five sessions, saying there is no point in holding them until there is progress in the main peace talks.

#### U.S. Bans Some India and Russia Sales

WASHINGTON (Renters) - The United States has imposed limited sanctions on Russia and India for going ahead with a \$250 million rocket deal that Washington tried to thwart. Russia plans to sell India rocket engines powered with liquid mitrogen for India's space program.

A State Department spokesman, Richard A. Boucher, said Monday that the sanctions include two-year bans on U.S.-licensed exports to the two space agencies involved, on imports from them to the United States and on U.S. government contracts with the two agencies.

#### For the Record

o, when new elections are scheduled.

A Texas judge on Monday postponed the execution, set for early
But there are strains within the opposition, and the retention of Mr. Nabiyev is not very popular after the deaths, with the new defence windstrand of the control of Ricardo Aldape Guerra until Sept. 24. The defense had filed a motion for a hearing to have a new witness testify.

(Renters)

#### TRAVEL UPDATE

#### Revised Venice Rail Plan Is Assailed

VENICE (Remers) - Environmentalists on Monday condemned a revised project for an underground railroad through Venice as a threat to the fragile city of canals.

It would run along existing tracks from the city of Mestre on the mainland to an area west of the historic center. There the line would go under the wide Grudecca canal and end on the quayaide just south of the

"Whether they build it under ground or not, it still has to be fought as a plan to pull even more people into Venice," said Ermete Realacci, president of the Italian League for the Environment. "This can't be pushed through with total disregard for Venice's future as a whole. The authorities are hurrying this through just to qualify for government

#### AT&T Creates a Service for Tourists

NEW YORK (Reuters) — American Telephone and Telegraph Co. has introduced a pre-paid service for visitors to the United States that provides telephone calls, international news, weather reports, currency exchange information and interpretation services.

Users gain access to AT&T's Teleticket Service through toll-free 800

telephone numbers in nine languages — Dutch, French, German, Italian, Japanese, Korean, Portuguese, Spanish as well as English. Calls can be made in the United States or 190 other countries. The service will be sold in Teleticket units of 10, 25, or 50, with a 10-unit Teleticket costing \$6. France's longshoremen paralyzed the country's ports Monday at the start of a weeklong strike to protest a planned government change. Initial participation was 100 percent in the Mediterranean ports of Marseille, Nice, Sete and Port-La-Nouvelle, although passenger ferries to Corsica were given what union officials called "selective assistance." (AFP)

were given what union officials called "selective assistance." (AFP)
British Airways is providing bicycles for employees to get around
London's Heathrow airport in a campaign to cut air pollution. The airline
has assembled a fleet of 700 bicycles. A spokesman said: "It is often casier, healthier and a lot friendlier to the environment to use bikes instead of cars or vans. The bikes will cover the 220-acre site where the airline has about 28,000 employees and 7,000 vehicles. (Reuters)

Minusch's second airport was officially opened at a ceremony Monday

after years of controversy and rising costs. It cost an estimated 8.5 billion Deutsche marks (\$5.2 billion). Planners said it would handle 18 to 20 million travelers a year by 2000.

anchored over Centres 21-rope will bring warm weather to nearly all of Eu-rope late this week. Lon-don to Paris will be warm, with some suneitine. A few showers will wet ire-lend: A ohlby rain will sould northern Scandinavia.

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Begradon	23 /73	13 /850	25 /73	14 /67 pc
Berson	16 /66	6 /43 pc	21 /71	11 /62 pc
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Berson	16 /66	10 /60 pc	26 /77	11 /62 pc
Berson	16 /66	10 /60 pc	26 /77	11 /62 pc
Berson	16 /67	16 /67 pc	26 /77	16 /67 pc
Berson	26 /77	16 /67 pc	26 /77	16 /67 pc
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Berson	26 /77			

Mr. Nabiyev, an old-style Com-

fense minister calling the president

Mr. Nabiyev will preside over a 24-member cabinet with only eight

In an effort to keep the support of the security agencies, the oppositioo proposed a veteran officer whom they regard as at least neu-tral, and who bears no responsibility for the shooting of the demonstrators in front of the KGB building, where Mr. Nabiyev had

our country," he said. "For this we have the clear mandate of the vot-He said the reconstruction of the federal spending growth at 2.5 per-cent and to slash federal deficits to after 40 years of communism, was created under the Soviet theory of making progress, but that greater efforts were needed all around. could now break apart.

Ali Mojtahed-Shabestari, spoke of these dangers Monday. But he stressed that Iran "supports a strong and united Tajikistan."

The Tajiks are Persian-speakers, but the ambassador said Iran, with the substantial rebuilding commitment at home, was trying to discourage the Tajiks from expecting

Interior Ministry, who saw the incident from his post across the street, said Monday, "It looked like an offensive, because the door of the

Foreign Minister Uffe Elle-mann-Jensen said he was con-cerned that smaller members of the encamped in Martyrs' Square in front of the presidential palace. The palace is the opposition's informal headquarters. under reorganization plans being developed by the EC Commission. Speeches and Islamic sermons

parliament divided equally be-tween opposition parties and former legislators, almost all of whom. are Communist Party members.

Agence France-Presse

Rumblings of discontent about the Commission's deliberations

# Tajik Leader Gives In on

on Sunday of at least nine demongives his opposition eight key min-

mmist whose refusal to sign a deal Sunday led to the bloodshed, will remain president at least until Dec. 6, when new elections are sched-

on Monday "unfit to serve."

opposition portfolios. But they in-clade the Foreign, Defense and Interior ministries; Agriculture, Transport, Trade and the Economy including the central bank; the head of television and radio; and

whether to accept the settlement of Germany's public sector strike.

strike Tuesday if management does out raise its offer.

its success in slashing public deficits to 1.5 percent of gross national product from 4.5 percent from 1982 to 1989. "Now we must secure the stability of the mark and employment in

Tajikistan's regional interests, out of fears that the country, artificially divide-and-rule in Central Asia,

The Iranian ambassador here,

tors with guns and a closed armored personnel carrier trailing behind the crowd. Captain Anatoli Slonov of the

carrier was closed." He said it was important to un-

to know who fired first." The killings enraged the crowd of thousands, which has remained

and prayers from the hage loud-

speakers can be heard all over the center of the city, day and night, and while they called for calm, Sunday night was extremely tense. It appeared that the commander

The army had sent tanks to pro-tect the KGB building but they arrived after the shooting. Though promising not to intervene in this

the Community reins for a sixmonth period, and the privilege is

The party will not be banned, but its property will be nationalized; there is supposed to be a general disarmament of civilians and a dispersal of the thousands in Mar-tyrs' Square by Wednesday.

over the weekend for talks with President Hafez Assad about finding a replacement for Prime Minister Omar Karami. Mr. Karami and his pro-Syrian 30-member cabinet resigned Wednesday in the face of strikes and violent demonstrations against their failure to check the collapse of the national currency

## Forming a Coalition By Steven Erlanger New York Times Service DUSHANBE, Tajikistan —

Prodded into action by the killing strators, President Rakhmon Nabivev agreed Monday to the formation of a coalition government that

the bead of KGB security.

taken refuge.

The cabinet also tries to balance

The shooting now appears to

have been caused by panic, when KGB troops saw some demonstra-

derstand the pressure the troops were under and added, "It is hard

of the troops of the Common-wealth of Independent States garri-soned here decided Sunday night to push the negotiations along.

dispute, the army, a diplomat said, "encouraged Mr. Nabiyev to meet again with the opposition," and finalize an agreement.

The deal also calls for a new

#### Lebanese Press Search For a Prime Minister

BEIRUT - President Elias Hrawi began two days of consultations here Monday with members of parliament and political leaders to select a new Lebanese prime Mr. Hrawi was in Damascus

## **UN Weighs Troop Escort** For Convoys of Food And Medicine in Bosnia

strikes, attacked lahor leaders of talks oo wages could oot be

fund German unity. He added that this year's round

separated from "economic reali-

ties" or be escalated "into a battle

over who should contribute what to

stepped up token strikes to back

their pay demands, Mr. Kohl re-

peated his warning that last week's

public sector pay settlement should

not be seen as a model for the

It gave public employees a 5.4-

They began voting Monday on

percent basic raise plus scaled one-

zegovina hy only 100 military observers. Any expansion would require the Security Council's ap-

"There is a major humanitarian

disaster in Bosnia-Herzegovina,"

another Western diplomat said.

"The fact is that the place is going to hell and that there will be great

pressure within the Security Coun-

cil for the United Nations to do

Bosnia-Herzegovina has been

racked by war since shortly before

the United States and European

dependent country early last

month. Serbian guerrillas backed

by the Yugoslav Army have at-tacked areas populated by Muslim

Slavs and Croats in a campaign to carve out a "Serbian Republic."

According to incomplete government figures released Sunday.

1,320 people have been killed and

6,700 wounded in Bosnia-Herzego-

vina in the last six weeks. The oum-

ber of refugees has risen to at least

70,000 tons of food, said the head of the republic's Health Crisis Cen-

ter, Haris Smajkic. A shortage of

insulin and other medicine is

threatening the lives of 250,000 chronically ill people, he said.

Weeks of fighting and the stop-page of normal food deliveries have

emptied shops in Sarajevo, a city of

Aid workers estimate that Sara-

jevo has about 100,000 children un-

der the age of 12 and 25,000 under

560,000 people.

Bosnia-Herzegovina needs

ommunity recognized it as an in-

As metalworkers in Bavaria

pay for German unity."

private sector.

time payouts.

By Chuck Sudetic New York Times Service SARAJEVO, Bosnia-Herzegovina — With supplies of food and medicine in this blockaded, warring republic at dangerously low levels, Western diplomats said that the idea of having a UN security

BONN - Chancellor Helmut

Kohl, facing a fiscal crisis and more

Monday, saying Bonn was striving to keep the Deutsche mark stable

Mr. Kohl, stung by opposition calls for elections, told a regular

meeting with industrialists and

union officials on the East German

economy that Bonn was sticking to a strict policy of slashing public

But he accused unions of failing

to "demonstrate their capacity for

solidarity," and he said that leading

research institutes were right in

saying that unions were not living

without union support.

sector deficits.

voys is under serious consideration. The diplomats said a convoyprotection operation would have to be undertaken under UN auspices and could be begun only with the agreement of the warring sides in Bosnia-Herzegovina.

force escort humanitarian-aid con-

The United Nations and other relief agencies have large amounts of food and medicine stockpiled in Croatia and Serbia, but transporting aid to Bosnia would require the agreement of Serbian forces that have blockaded the republic. And with fighting continuing, security concerns loom large.

"What is being discussed is the possible use of UN troops to protect humanitarian convoys," a Western diplomat said.

"We have been pushing very hard for that," said Sylvana Foa, spokesman for the UN High Commissioner for Refugees, speaking by phone from Geneva.

Although the peacekeepiog force's headquarters are in Sarajevo, the peacekeepers' mandate provides for operations in Bosnia-Her-

DEATH NOTICE

The funeral service of Mariene DIETRICH Commandeur de la Legico d'Honneur will be held on Thursday May 14, 1992 at 10:30 am Madeleine Church Paris 8th Mrs. Maria Riva

her daughter, Mr. William Riva her son-in-law, Mr. and Mrs Peter Riva and their sons Matthew and Scan, Mr. Paul Riva, Mr. David Riva, her grandsons and her great grands Mrs SIEBER

called Massy annandeur de la

at the age of 90

3 who have little or no fresh milk or baby food. Fierce fighting erupted again Sunday across the republic. In Sa-rajevo, heavy machine-gun and grenade battles were waged by Serbian gunmen against pro-government security forces made up mostly of Muslim-Slavs and Croats but also significant numbers of Serbs supporting the republic.

The Associated Press BINGOL, Turkey - A clash between security forces and Kurdish guerrillas near the village of Sogukpinar, in Bingol Province, resulted in the death of four rebels and one soldier, the regional governor's of-

Turkish-Kurd Clash Kills 5

In a separate statement, Mr.

Kohl hacked Finance Minister

Theo Waigel's financing plan and vowed to continue efforts to slash

soaring public sector deficits and

ensure the stability of both the cur-

Mr. Waigel has pledged to cap

25 hillion marks (about \$15 billion)

in 1995 from around 43 billion

The IG Metall union, which rep-resents 4 million workers, has ability to create solid fiscal policy and mounting international com-

threatened to call a ballot on a full in the past," Mr. Kohl said, citing petition," Mr. Kohl added.

The German government has

ers. We will fulfill the mission."

"Every sector must find a wage

agreement that is feasible in light of

**Delors Gets** 

Warning on

EC Reform

BRUSSELS - The Danish for-

eign minister on Monday warned the EC Commission president, Jac-

ques Delors, to stem rumors about a massive reshuffling of EC powers or risk losing support for his reap-

Community would lose their cloni

"I ask myself what Delors plans

to do after the 1st of January

1993," the Danish minister said. "If

he doesn't get these rumore stopped, he's in trouble."

Although Mr. Delors's term as EC president ends on Dec. 31, it is

expected that his tenure will be

renewed for an additional two

years when Community leaders bold a summit meeting in Lisbon at

The Commission is preparing a paper that deals with EC enlarge-

ment, and one plan under discus-sion would dilnte the Community's

rotating presidency system in favor of a stronger EC executive agency.

Under the presidency system, big and small countries alike hold

savored by small countries as an

with this, then he is in difficulty,"

Mr. Ellemann-Jensen said. "It's

not only Denmark. He's stepping on the toes of other countries also."

Mr. Delors told Mr. Ellemann-

Jensen that radical restructuring of

the EC's current system would oc-

our only in the distant future, when

the 12-nation Community reaches

25 or 30 members, but Mr. Elle-

mann-Jensen seemed to be holding

out for more public assurances that

the boat would not be soon rocked.

30 member Community would be

ungovernable under the current

structure, and that tiny countries

like Malta would be ill-equipped to

handle the chores of the presiden-

surfaced at an informal meeting of

EC foreign ministers in Guimarães,

Portugal, two weekends ago.

Mr. Delors has said that a 25 to

"If he doesn't efficiently deal

opportunity to shine.

the end of June.

rency and employment levels.

Opponents of President Rakhmon Nabiyev keeping together while facing a rival rally in Dushanbe, Tajikistan. Muslim leaders won agreements on a coalition government.

The main public union said it

doubted that it would get the 50

percent needed for approval. Government officials said the settle-

ment was already too high and

vide the lead for the private sector,"

The public sector cannot pro-

Almost a quarter of a million

metalworkers have held warning

strikes to protest the employers'

would strain public hudgets.

Mr. Kohl said.

3.3-percent offer.

Unions Endanger Stability of the Mark, Kohl Says



Judith Ward waving Monday from a prison bus that was taking her to the Court of Appeal in London, which freed her.

## Wrongly Held for 18 Years In IRA Case, She Goes Free

LONDON — An English appeals court Monday freed a woman falsely imprisoned 18 years ago for an IRA bombing after a government lawyer admitted that her original conviction was "msafe and uncarisfactory. Judith Ward, 43, was sentenced to 30 years for the 1974 Irish

Republican Army bombing of a bus carrying soldiers and their families. The attack killed 12 people.

Her case was the latest in a series involving IRA attacks that have

been reopened because of miscarriages of justice. Miss Ward was

freed on bail to await formal quashing of her conviction. The convictions of 17 people in three other bomb cases have been overturned because original police or scientific evidence was falsified or unreliable. The government set up a commission to examine the entire judicial process.

## LD BRIEFS

## Priority on Suppos ts Over Settlements

Yuzhak Rabin of the opposition Linux money now being spent on Jenish territories should be used instead by Soviet Union.
ed Labor Party leader three months of the territories could be a suggested that the security, and he suggested that the particular in the Middle Land

six weeks away. Mr. Rabin is considered chance of becoming prime minister of Likud or perhaps by alternating the sixted-Labor coalitions of the 1986 of abort ahead. A survey published

Aharcaoth gave Labor 46 scale and la

ast Open in Brusseli Talks on regional issues commendate in Brussels on Monday with a complete a c

stayed away from the talks in t If five meetings that will take place in the second of the

## e India and Russia S

(75) — The United States has imposed in is for going ahead with a \$250 milion is chwart. Russia plans to sell him a narogen for India's space program Accurage, Richard A. Boucher, and Mr. Mesman, retenant of bounds, and his two-year bans on U.S.-licensed exputs a cas unsports from them to the Untally extracts with the two agencies.

evected of killing a Houston police of dy Densen said that he would pomer be Guerra until Sept. 24. The defendation have a new witness testify.

#### VEL UPDATE

e Rail Plan Is Assald Environmentalists on Monday contra remaind railroad through Venice arts

stone tracks from the city of Mateur of the historic center. There the hie ma maal and end on the quayside just sale

moder ground or not, it still has to be link people into Venice." said Ermete kee League for the Environment This on discussard for Venice's future as a wide. this through just to qualify for good.

#### s a Service for Touris

- Anterior Telephone and Teleproph 0 services for visitors to the United State 25 merce and news, weather reports, on. dieter retained services.

TAT's Telepicket Service through tollin ctanges - Dutch, French, German, E. satte, Spanish as well as English Calke er 19) orber countries. The service will 25, es 50, with a 10-unit Teleticket com mentioned the country's ports Monday to process a planned government chart ment in the Mediterranean ports of the touveille, although passenger femestels Fixe's called "selective assistance." siding bicycles for employees to part

or an a company to cut air pollution bit 700 Papieres. A spokesman said: 18 intendier to the environment but the belies will cover the 230-acre stead sepiences and 7,000 vehicles. t was afficially opened at a ceremon

122 rusts. It cost an estimated in more: Planners said it would hande !!



Mon, Wed

## Riot Toll in Los Angeles: Coroner Can Only Guess

LOS ANGELES — America's deadliest riot of the century was a hellish storm of fire and bullets, rage and fear it was a plague of madness, and a war. People died in conditions of pandemoratin and ambiguity.

Because it was so crazy, no one knows with certainty

precisely what the death toll was, and quite possibly, no one ever will

"It was such a melee," said a spokesman for the Los-Angeles County Coroner's office, Bob Dambacher.
There were fires breaking out, shots being fired, mobs looing. Rescue workers would find a person down, grabhim and ann. What happened to him, I don't know. Nobody dise knows. That's the problem."

Nevertheless, the coroner makes his guess at 58. The police say several fewer, perhaps 53. Nor does anyone inow exactly why they all died.

Certain facts are known. About 40 people died of gunshots — some of them, perhaps, in gang shootings. Three, maybe four, maybe more died in fires.

The dead included youths of 15 and a woman of 89.

About 26 of them were black, others were Hispanic (perhaps 18), white (about 10) and Asian (2). Some of them were stabled or strangled. One suffered a heart attack. One fell from a truck. One was hit by a car. Thenes and patterns emerge from these facts. For

example:

• In violence thought to be retalization for the beating of

Rodney G. King by Los Angeles police officers, the police killed nine rioters, but rioters killed no policemen. For all the talk about a war between blacks and Koreans in the section known as Koreatown, not one

person died in interracial violence there. The video images of white people being savaged by mobs had little to do with the way people died. At least one person, maybe two or three, did die that way. More whites, however, died in fires, in overblown squabbles and

 In a riot thought to express anger among blacks toward whites, blacks died in the greatest numbers, and mostly in predominantly black neighborhoods. But perhaps the most substantial lesson of all was that

so much dying could have so little meaning.

Ira McCurry, 45, a solitary man, left his squalid house to save the liquor store next door. Someone in the crowd of looters shot him in the head.

DeAndre Harrison, a high school dropout with a rough group of friends, leveled an assault rifle at the police and took a bullet in the chest. Matthew Haines, 32, a white man on his way to help a

black friend, unknowingly steered his motorcycle into n mob and paid with his life.

Aaron Ratinoff, 68, a white man, argued with a Korean grocer over a com husk on the floor. Nerves were frayed. usults were traded. Mr. Ratinoff was strangled to death

The 58 dead on the coroner's list include many people killed by persons unknown, in situations no one has come forward to describe.

"It seems every trauma death during the rior was classified riot-related," said a detective in San Fernando Valley, another suburban area where there was considerable looting, and other officers agreed. Though 24 coroner's investigators risked their lives to track the nwful harvest, their classifications may not be perfect.

A strong argument can be made, for example, to cut Edward Travens, 15, a white youth shot by white game members, from the list. Also the three armed robbers who flipped their getaway car during a high-speed chase in Beverly Hills, And Lucie Maronian, 51, stabbed by her husband during an argument. And Kevin Edwards, 35, a black man killed by another black in Compton.

"Do other people take advantage of the situation and kill others?" asked Mr. Dambacher of the coroner's office. "Of course they do."

#### ■ Last U.S. Troops Pull Out

U.S. troops deployed to help quell racial violence have completed their pullout, leaving National Guard soldiers and police in charge of maintaining security. Reuters reported from Los Angeles.

Army troops boarded transport planes, and Marines

moved out in columns of trucks and armored vehicles that could be seen snaking out of the city on Sunday morning.



Reuta Mendez, a Guatemalan immigrant, preparing floral arrangements for sale in Los Angeles's Koreatown. Behind her are buildings burned in the rioting.

# For Americans, a 'Warning' on Race Relations

By Robin Toner

New York Times Service NEW YORK - Most Americans view the riots in Los Angeles as "a warning" about the state of race relations, minorities and the cities, according to the latest New York Times/CBS News Poll

The survey, conducted Wednesday through Friday, Jound the public in a shaken, worried mood, more likely to see the unrest as a symptom of festering social needs than as a simple issue of law and order.

Majorities of both whites and blacks said investing in jobs and job training programs was n better way of preventing turnoil than strengthening the police. A strong majority of the respondents, 61 percent, said the nation was spending "too little" on improving the conditions of black Americans, up from 35 percent who

expressed that view in 1988.

And 63 percent said the federal government was not paying enough attention to the needs and problems of minorities, a striking increase from the 34 percent who felt

that way four years ago.

President George Bush was given poor marks by both blacks and whites for his response to the riots. Moreover, 53 percent of all whites and 76 percent of all

hacks said they disapproved of the way Mr. Bush was hardling race relations in general.

There was no indication that Governor Bill Clinton of Arkansas, the likely Democratic nominee, or Ross Perot, n likely independent candidate, were gaining an immediate

advantage from the episode.

The poll, consisting of telephone interviews with 1,253

adults, reflected a nation still struggling with the causes of urban turmoil and the most effective response to it. For example, most people did not see a lack of government money as the biggest impediment to solving "the problems of the cities." More than half said the biggest

Of those polled, 60 percent said the nation was spending too little on urban woes, up from 46 percent in 1988, contradicting a widely held theory in politics that big cities are an unpopular cause.

about bow to solve the problems," and a third said it was simply n lack of national coocern.

Still, 60 percent said the nation was spending too little on urban woes, up from 46 percent in 1988, contradicting a widely held theory in politics that big cities are an

unpopular cause.

The survey, which had a margin of sampling error of 3 percentage points, detected a clear sense of alarm over

Sixty-seven percent of the whites and 75 percent of the blacks said the nation's race relations were "generally

Seventy-one percent of the whites and 75 percent of the

blacks agreed with the statement that "the recent rioting is a warning to the United States that race relations must improve to prevent more trouble and violence."
Only 21 percent of the whites and 19 percent of the blacks took the view that "the rioting was an isolated

There were some bopeful signs. People rated race rela-tions in their own communities far higher than they did in

the nation, and they were far more optimistic about ending discrimination in their home towns than in the nation as a whole.

The survey asked people to react to six steps that might be taken to reduce racial tensions.

Most pat jobs and training programs at the top of the list, followed by hetter professional training for the police, increased minority participation in government, stronger laws to protect civil rights, black and Hispanic ownership of local businesses and, lastly, more police.

Forty-three percent of the whites and 66 percent of the blacks said they were dissatisfied with Mr. Bush's response to the rioting in Los Angeles, compared to 41 percent of all whites and 26 percent of all hlacks who said they were satisfied with it.

Still, neither of his rivals seemed to be moving to fill the void. Only 26 percent of the whites and 41 percent of the blacks said they were satisfied with Mr. Clinton's response to the Los Angeles riots, but many had no opinion. Twothirds had no opinion on Mr. Perot's response.

in general, the survey seemed to catch Americans in a grim mood, with 53 percent of the whites and 55 percent of the blacks saying there will always be "a lot of prejudice and discrimination" in America.

## Families of Gulf War Dead Ask Why U.S. Pilots Killed Britons

By William E. Schmidt

New York Times Service LONDON -- They were casualties of what is called friendly fire. nine British infantrymen killed during the closing days of the Gulf War when two U.S. Air Force jets mistook their armored vehicles for Iraqi tanks and attacked with airto-ground missiles.

Now, nearly 15 months later, the parents of those soldiers sit anxiously in a high-ceilinged hearing room in Oxford, listening to witnesses describe how their sons died that day in the desert. They are hoping to resolve the one question whose answer, they say, will put their hearts at rest: How could such a thing happen?

Although British and U.S. investigators acknowledge the jets fired the missiles on the afternoon of Feb. 26, 1991, the ongoing hearings hy a coroner's court jury have inflamed a growing sense of pubbic despair and anger, since no Ameri-cans are headed to England to tes-

tify about what went wrong. The families and their lawyers say such testimony is essential be-cause, they say, they have been offered contradictory explanations of the incident, in part because Washington and London have not been able to agree about who is to blame.

At the heart of the debate is a belief here that the British families involved in this incident are being told less than American families who lost relatives as a result of such incidents in the war. According to the Pentagon, 35 of the 148 U.S. combat deaths were a result of allied rather than enemy fire.

As part of an agreement worked ont with the court, the Washington has furnished the inquest with a 26page collection of letters and affi-

davits, including a series of state-ments obtained from the two unnamed U.S. pilots who fired the

In a cover letter, Carl W. Ford Jr., a deputy assistant secretary of defense, expressed Washington's regret and "deep compassion" for the families. But he said the pilots had "acted in the good-faith belief that they could attack in the area in which they were operating."

Lawyers for the family say the statements are inadequate, since British Defense Ministry investigators never interviewed the pilots. and the pilots' statements only un-derscore what the British have described as "a conflict of evidence" over what happened.
[One of the attorneys called on

the pilots to testify. The Associated Press reported Monday from Oxford. "We are quite happy to interview them by video link or even adjourn the inquest and go to an American air base either here or in the United States," said the lawyer, Mark Stephens.]
Britain's tabloid press has been

critical of Washington for refusing to produce the pilots as witnesses. The hearings, which began last week, are described as a coroner's inquest, n judicial proceeding con-

vened at the insistence of the families to force some public determination of the cause of their sons' deaths. In many ways, the process has become less a legal exercise than a last public appeal for help by the families, all of them working-class people from northeast England and Scotland.

Peter Atkinson, an unemployed machinist whose son Paul died in the incident, said: This whole know why it happened. I want

The families' plight was dramatized in photographs and news film last week that showed Mr. Atkin-

son pursuing a U.S. military observer outside the hearing room, chasing him down a sidewalk to ask Washington to allow the pilots to tell their side of the story. "My son is dead," said Mr. Atkinson, close to tears. "Why won't

the American pilots come over? Why don't they defend themselves? Let them come. Nothing's going to happen to them." The pilots say they mistook the two units for Irnqi tanks because they were not displaying colored

panels or other markings identifying them as allied vehicles. The Defense Ministry, as well as witnesses at the hearings, insisted that all of the vehicles, 30-ton armored personnel carriers, clearly showed friendly markings. The Americans also maintain

that they were never assigned specific target coordinates for the ene-my, as British air controllers insist. coordinates that would have taken the jets to a site 20 miles (32 kilometers) from the area where the British units were attacked.

The incident occurred on a clear. bright afternoon, with good visibility, as the British forces charged through a breach in Iraqi defenses opened earlier by U.S. troops. At the time of the attack, the two personnel carriers were among a group of four that had come to a halt in the desert.

When the first missile hit, Lance Corporal Peter Fyfe said at the inquest, the men had just returned to the vehicle after stretching their

Suddenly there was a tremenbusiness is killing me. I just want to dous explosion. "My mates were screaming and my hair was on fire and pieces of shrapnel were in my thigh," said Corporal Fyfe, who was badly injured in the attack. About three or four minutes later, a second missile slammed into another of the vehicles.

## Perot's U.S. Saving Tip: Bad and Still a Mystery

land hallot.

By Steven Mufson and Howard Kurtz

ington Post Service WASHINGTON - When Ross Perot said last month that the U.S. government could easily save \$100 billion by eliminating Social Secu-rity and Medicare benefits for "folks like me," he said he was using information given to him by "a very, very, very prominent economist whose name you'd recognize just like that."

Mr. Perol. a likely independent candidate for president quickly backed away from his claim under subsequent questioning on an NBC interview show, saying he may have received "bad information" from He later told some journalists

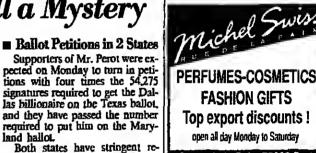
privately that the economist was Michael J. Boskin, chairman of resident George of Economic Advisers. But Mr. Boskin said in an interview that he had not talked to the Texas billionaire in several years. "Number one, this number is

nonsense." Mr. Boskin said. "If he claims he got it from me, be is horribly confused about anything I ever told him the one time we ever met in the mid-1980s."
At that time, Mr. Boskin was

teaching economics at Stanford University, and Mr. Perot flew him to Texas for a day of discussions about U.S. economic policy. Mr. Boskin said be had oot cor-

It would be unusual for the president's chief economist to be giving policy advice to a potential rival candidate. But if Mr. Boskin did not speak to Mr. Perot, as he maintains, then the episode could fur-ther undermine Mr. Perot's efforts to portray himself as someone with

a firm grasp on economic policy.





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## Fewer and Fewer Jobs For College Graduates

By Brooke A. Masters

Washington Post Service
WASHINGTON — Michael Smart has just been graduated from George Washington University with a resume many students would die for. An international affairs major with three years of Chinese, be has had internships or ad-ministrative positions on Capitol Hill, at the Smithsonian and with a military consulting company.

He also has no job.

The Idaho senior sent out 40 resumes in the past two months and recently applied for a legislative affairs post with a private company, but the response was hardly mcouraging.
Mr. Smart, 22, said he was told

that "three, four years ago they would have hired me, but they were offering \$25,000, so they think they can get someone who is already working." Or maybe, he added, someone who has a master's de-

"My sights keep getting lower and lower," he said, "and I keep wondering why I went to college."

For many seniors receiving diolomas this month, the signs of an incipient economic turnaround may be too late to help them. Employers expect to be hiring

one-third fewer graduates this year than they did three years ago, and on-campus recruiting at colleges plunged for the third straight year.
Unemployed people who are three and five years out of school will be assimilated into the job students who need extensive training," said Jane Carey, executive director of Georgetown University's

Applications to graduate school have remained at peak levels, and many seniors are keeping their part-time jobs.

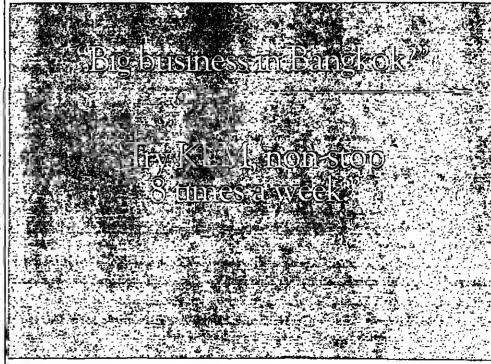
Hardest hit in the economic

crunch have been the average students at mid-ranked schools, because many compaoies bave trimmed the oumber of schools they visit and are seeing fewer students at each one, career counselors

Although prestigious schools such as the University of Virginia have experienced only a 10 percent decline in on-campus interviews the University of Maryland at College Park was host to only 37? companies this year, down 34 percent from a 1988-89 peak, and Howard University saw only 300 companies - 19 percent fewer than just last year.

Employers are being deluged Mobil Corp. in Fairfax recently received 250 résumés - four or five times the number it normally would expect - after advertising a position for one day.

The Class of 1992 numbers 1.06 million nationwide. A Michigan State University survey of 464 public and private employers across the country found that they expected to hire 10 percent fewer new graduntes than they did last year, onethird fewer than they hired in 1928-



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## Thais Agree on Plan For Leader to Ouit

By Henry Kamm New York Times Service

BANGKOK - A weeklong opposition demonstration that has effectively paralyzed the Thai government was suspended Monday following a compromise to amend the constitution to require the prime minister to be an elected member of parliament.

Tens of thousands of students, workers and a surprising portion of this rapidly developing country's prosperous new middle class have been beleaguering the government districts of the capital to protest the appointment of a former supreme commander of the armed forces, Suchinda Kraprayoon, to head the government

Early Monday, Chamlong Srimuang, who sparked the mass demonstrations by going on a hunger strike "to the death" on May 3, called on his followers to go home but to return Sunday if the Suchinda government did oot live up to its commitment to agree to constitutional change:

On Saturday, the worst of the sting weot out of the demonstration when Mr. Chamlong, also a former general, ended his fast in order, he said, to more effectively continue the struggle for democracy. Uotil then, the protest had been huilding into Thailand's gravest political crisis since student demonstrations followed by a military coup in 1976.

There was widespread specula-tion that Mr. Chamlong's decision followed a discreet intervention by King Bhumibol Adulyadei

The monarch, whose influence over the life of the oation is far greater than his restricted political power, is said to have obtained agreement from Mr. Suchinda not to use force to disperse the demonstrators in return for Mr. Chamlong's abandoning his threat to commit slow public suicide in the heart of the capital unless the prime minister stepped down.

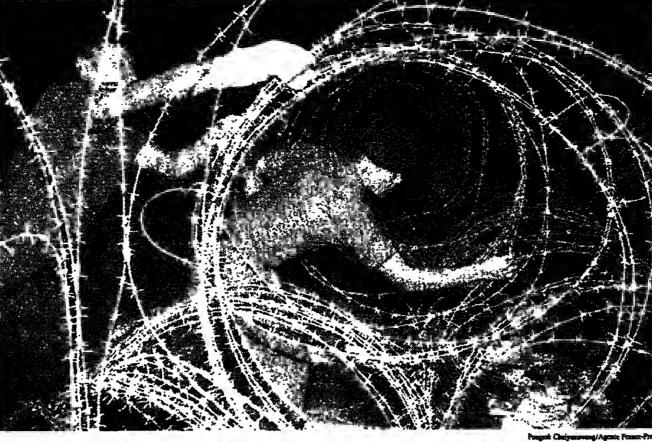
Mr. Chamlong, who as governor of Bangkok gained a reputation for austere honesty in a country that has long tolerated considerable self-indulgence by those in power, had raised the political temperature to heights rarely experienced in a hlase nation by his public fast.

On Saturday, to the disappointment of the student leaders most committed to breaking the unending cycle of military intrusion into supposedly democratic politics. leaders of the five government and four opposition parties announced agreement to put introduce constitutional amendments that would enhance the power of elected offi-

Mr. Suchinda reaffirmed Monday, in speaking with Thai reporters, his refusal to resign. In Thai political circles, it is assumed that Mr. Suchinda could comply with a constitutional change hy obtaining a partiamentary seat in a by-election in a safe constituency.

The prime minister, who last

year pledged that the coup be led was oot designed ever to make him leader of the government, was appointed by the majority parties af-ter a civilian candidate put forward hy the governing coalition had to step down when oews was leaked in an People's Army!" he shouted at Washington that his suspected involvement in the narcotics trade the 1.1 million-man military - but would make him ineligible to visit it was played over and over on the United States, Thailand's prinnightly rebroadcasts of the festivicipal international supporter.



Soldiers removing a wire barricade at a Bangkok bridge Monday after the opposition halted its demonstrations.

## KOREA: The North Pays Tribute to the Man It Knows as 'Great Leader'

(Continued from page 1)

reans heard the voice of Kim Jong II, who heads one of the world's largest armies but whose public utterances had never before been broadcast. Granted it was not much - "Glory to the heroic Korethe end of a parade by members of

For the people, the celebrations have enabled it to escape the pit-have clearly been a ouon. China falls that brought down less-foresent several hundred thousand tons of pork, and the government disgrams (4.4 pounds) of meat and

the principles of self-sufficiency And, for any who wondered, there

sighted Communist regimes

In between displays of karate tributed coupons to supplement skills and wild acrobatics at the the monthly allotment of 2 kilo-stadium, the thousands holding placards flash the message that the chicken for every person.

For the government, the celebrations have been turned into a chance to declare, once again, that clares one. "Let's Have Our Own North Korea is different, and that Style Socialism!" implores another.

was one more proclamation: "We Are Happy!"

in North Korea's newest best-seller, Kim Il Sung's memoirs of his years fighting the Japanese occupa-

The book came out two weeks ago, but it is already a key part of the carriculum at Pyongyang High Middle School No. 1, a sparkling, well-equipped institution that visitors to the city are guided through as an example of the country's educational system.

In one classroom on a recent Saturday morning, a teacher was reading chapters from the memoirs to his students. They sat stiffly in their school uniforms, eyes straight forward. Upstairs, in the physics laborato-

ry, Li Chun Ran, a lively 17-year-old with a quick smile, proudly showed off what she received during the celebrations: a fresh, blue school uniform. "Kim Il Sung and the Dear Leader, Kim Jong Il, gave me the dress," she said, adding that the gift

had doubled her resolve to study

■ Remains of U.S. Soldiers North Korea has informed the United States that it intends to return this month the remains of 30 American soldiers killed during the Korean War, U.S. military officials said Monday, The Associated Press reported from Seoul.

## EC: Envoys Will Leave Belgrade

(Continued from page 1) Yugoslavia until they have pulled their troops out of Bosnia-Herze-

The Community statement said Belgrade and the Yugoslav Army bore "by far the greatest share of hlame" for the civil war.

Community foreign ministers said they would also seek to exclude Serbia and Montenegro from participating in debates on the civil President, Boris N. Yeltsin, to war in Bosnia-Herzegovina in the 52-nation Conference on Security and Cooperation in Europe, which 52-nation Conference on Security and Cooperation in Europe, which

is meeting in Helsinki. through consensus, permitting any grade."

single government to paralyze its decisions. To break this deadlock a draft resolution calls for Belgrade's suspension from the Yugoslav debate until June 30, but that propos-al has so far been blocked by Russia, which fears setting a precedent that could one day affect its own

EC governments and the United in the words of one delegate in The Conference normally works Helsinki, "to get the signal to Bel-

## **BOSNIA:** Fighting Intensifies

(Continued from page 1) ern governments as "blatant propa-

The report in Borba said that Serb fighters were forcing all Serbs in occupied parts of the city to join the militia, and it said they were terrorizing Muslims and Croats.

Sarajevo is an ethnically mixed city of 600,000, and it has a tradition of ethnic tolerance. Many residents - Muslims, Serbs and Croats alike — regard external Serbian attempts to partition the city as barbarous and unworkable.

A resident of Sarajevo said Monday by telephone that Serb fighters were going from apartment to apartmeot, compiling what he called "a Nazilike list" of the ethnic identities of residents. He said that Serbs were being forced to inform on and betray their Muslim and Croat neighbors.

The Serbian government and militant Serb leaders from Bosnia used Belgrade television Monday night to proclaim themselves "moral victors."
Television news here focused on

the EC's suspension of talks it had been sponsoring in Lisbon between the warring sides in Bosnia. The EC suspended those talks nine days ago because of continued Serbian attacks in Bosnia.

But on television here Monday night, a parade of Serbian militants claimed that the suspension of the talks was orchestrated by Muslims who refused to halt their attacks on

Serbian leaders from Bosnia, men who work for Mr. Milosevic and who are organizing the seige of Sarajevo, spoke of "devastating consequences" and said they "could not be responsible" for the violence that will come if the peace talks are not resumed.

Western governments said that Mr. Milosevic and his lieutenants were cynically and deceptively participating in peace negotiations, even as Serbian forces under their command seize Muslim territory. besiege Sarajevo, steal Western re-

lief food and blame all violence on Muslim and Croat provocation,

however, there are a number of signals coming from the Milosevic regime that it is continuing to pursue a strategy of destroying Bosni-

The new general named over the weekend to command army forces in Bosnia is Ratko Mladic, an officer in his early 50s who is described by military analysts as perhaps the best field commander in

Besides being an aggressive and resourceful tactician, he is known to be one of the most mercurial and intransigent of all the hard-line Serbian nationalist who run the army. As a commander in neighboring Croatia, he refused for months to allow EC or UN observ-ers to enter Serb-occupied areas.

During that time, according to the EC, anny forces worked with Serb irregulars to shell, terrorize and loot many Croat towns.

#### Mayor of Milan Resigns Over Kickback Scandal

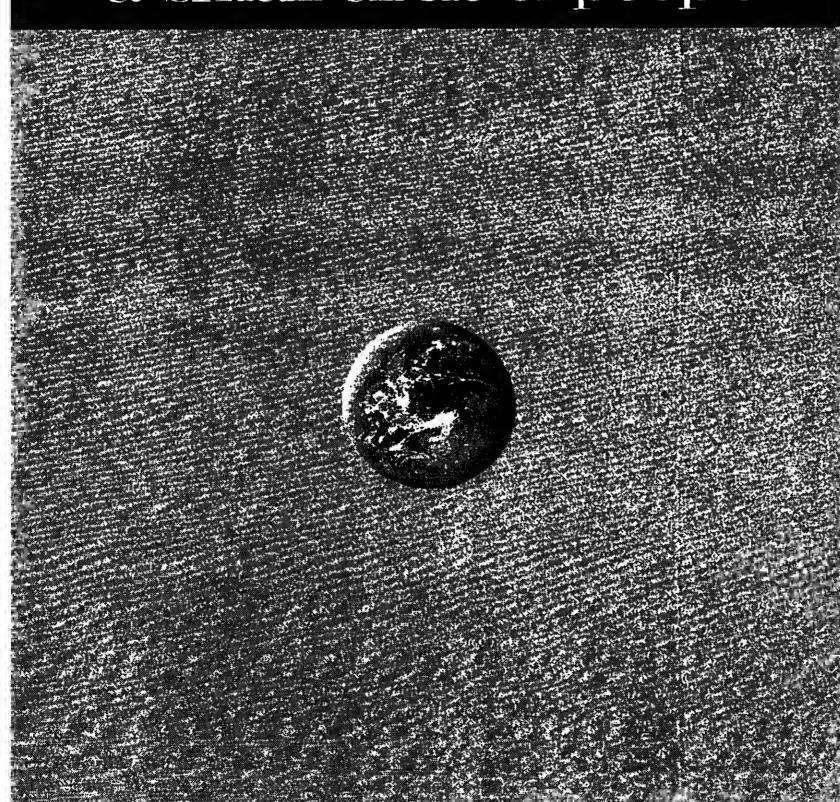
MILAN - Piero Borghini, the embattled mayor of Milan, Italy's industrial and business capital, which has been at the center of a major corruption scandal, resigned

Monday.

Mr. Borghini, who had resisted calls for his resignation as the kickback scandal rocked Milan, elso forced the entire city council to quit. About 30 businessmen, and politicians have been arrested in the scandal, including the head of Italy's biggest construction company, Cogefar-Impresit, a unit of

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#### CHINA: The Creation of a New Order, Pragmatism (Continued from page 1) driven around in a red Mercedes- agement practices and market eco-

"We saw that the experiment worked very well," he recalled. The new individual farming plots were far more productive than the communes. So, without waiting for Beijing's approval, Mr. Lia and other local leaders extended the experiment across the board and allowed the peasants in almost all areas to divide up the communes.

The central government eventu-ally affirmed that this was the right thing to do.

"We don't resist central poli-cies," Mr. Liu said. "But we can implement the policies flexibly, creatively and practically."

Flexibility is evident in the remarkable changes in Mr. Liu's appearance. In an interview four years ago, when he was deputy mayor of Dongguan, he wore a sim-ple tunic and looked like an ordinary Chinese worker. These days, reflecting the increasing wealth and sophistication of Donggnan, Mr.

Lin wears stylish wool snits and is

national policy allowing the breakup of agricultural communes in
telephone is always near at hand.

Benz 200 that is, scented with
nomics. He said that while communist countries have done well in
telephone is always near at hand. party secretary is responsible

for all government and party activi-ties, but Mr. Liu spends most of his time on economic development. While the national leadership fulminates about "bostile foreign forces," he strives to increase business with those forces - particu-

larly with Hong Kong.
Many of Donggnan's 1.3 million
people have relatives there, and the backbone of the local economy is the network of Hong Kong-financed factories that make toys,

shoes and clothing for export. Some of the factories are partly owned by the city government and generate profits that the city an-thorities have used to buy Canadian real estate and to set up numerous companies in Hong Kong.

"We shouldn't be afraid of such contact," Mr. Liu says. "There are many things about other countries that we must study.

In particular, he believes that China must study Western manvice and low efficiency.

Like many moderate officials, he favors slow political liberalization to avoid instability that might threaten economic growth.

"Reform has focused on the economy, and political change has lagged a bit," he said. "Change go along with that. We remember to Cultural Revolution, and we don't want that chaos again. People want to see prosperity and democracy both, but in a stable way. Westerners maybe don't understand that

In other parts of China, political study classes are held every week or so in most factories and offices and include readings of speeches by na-tional leaders. There is not much of

that in Dongguan. "Ideological work used to be rather impractical, lots of speeches and so on," Mr. Liu said. "Now, the focus is on leaders setting a good example and on being honest

#### BORDERS: U.K. Defies Brussels ARMS: (Continued from page 1) New Nuclear Age

after Jan. I to allow for logistical measures at airports.

"Britain might be less isolated than it may be pretending, because. I think there are also difficulties mong other member states," said

an Irish diplomat. "In an airport like Brussels, your have jumbo jets coming in from New York and Zaire at the same time as from Paris and Rome, so it would take considerable investment at some airports to separate Italy the passengers into those arriving Land

(Continued from page 1)

Rühe has already begun consider-

ing possible substitutes. Several are

American, including the F-15 Eagle

and the F-18 Homet, both of which

are manufactured by McDonnell

Douglas. A delegation of German members of parliament is planning

to visit the McDonnell Douglas plant in St. Louis, Missouri, as well

as the General Dynamics plant in

Fort Worth, Texas, where the F-16

French and Swedish planes were

also reported to be in contention. A

final decision could be years away.

Killing the project will allow Chancellor Helmut Kohl to tell

Germans that his government is

setting an example of sacrifice. He has been urging businesses and unions to give up some of their projected wage and price increases

m order to stabilize the national

economy and contribute to im-

is produced.

from inside the Community and from elsewhere," the diplomat said. The EC foreign ministers took no formal action on the bordercheck issue. João de Deus Pinheiro the minister from Portugal, which holds the rotating EC presidency, said that immigration, asylum and related issues would be dealt with

again at a coming meeting.
Eight continental EC countries have already signed for the Schengen Convention, which ensures free travel between France, Germany, Itziy, Spain, Portugal, Belgi abourg and the Netherlands.

bsorbed Eastern states.

ceiving a report that cited skyrock-

eting costs. The report also de-

scribed the air force's new MiG-29

fighters as "comparable to a third-generation Western plane, very re-liable and easily maintained."

#### (Continued from page 1) ests were planned in the curren year, the fewest since a moratorium in 1961

Last week, Mr. Walkins ordered a halt to the reprocessing of spent nuclear fuel from naval reactors

because there is so much weapons grade uzanium in inventory that it is no longer necessary to extract it from spent fuel. This decision will mean a reduction of 1.050 jobs the department's Idaho Nationa cering Laboratory by the end of fiscal 1993, he said. Earlier, Mr. Watkins had sus-

JET: Bonn May Drop Joint Project pended production of new highly cariched, weapons-grade uranium at the department's Piketon, Ohio, plant for the same reason. Similarproving conditions in the recently ly, he told the committee that a . The government's decision to scrap the fighter project was sur-prising principally because it came so soon after Mr. Rithe took charge plant at Hanford, Washington, where plutonium has been extracted, will not be restarted. The nation of the Defense Ministry. He had

has a hage surplus of platformum.

Assuming that the stockpile of nuclear weapons is reduced to 6,300, Mr. Watkins and Mr. Claysuggested that he was looking for ways to cut the project's cost rather than fully withdrawing from it.

After a meeting with the British tor said, the nation has enough titium gas, which is used to enhance Defense Secretary, Malcolm Rifkind, in Bonn last week, Mr. Ruhe said the price of the fighter "must be brought right down." Mr. Rif-kind replied that he shared concern the explosive power of warheads, 10 last until about 2008.

Nonnuclear plants in the 13state weapons complex, such as over the cost, but he described the factories for electronic components plane as "operationally necessary."

According to the newspaper Bild and high explosives, are to be consolidated at a single site in Kansas am Sonntag, Mr. Rühe decided to City, Missouri withdraw from the project after re-

With the phaseout of plants in Florida and Ohio, and the end of plutonium operations at Rocky Flats, more than 18,000 of the ap-proximately 40,000 workers in the weapons factories are expected to lose their jobs by 1998.

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SELL BY SMELL SPREADS New York Times Service

EW YORK — Call it the War of the Noses — all those competing the EC. army forces worked perfumed strips in magazine ads. Or call it the War on Noses, as some magazine readers do nostrils twitching, eyes smart-Mayor of Milan Resigning and ites rising

Over Kickback Scratter

Reuters

MILAN — Piero Borginia embattled mayor of Milan his industrial and business on which has been at the material major corruption scandal major record with an advertisement for

Monday but it is hardly attraccalls for his resignation as kit? day, however, Heller praised the back scandal rocked Mikes magazine, saying that as far as he cack scandal rocked Mike magazine, saying that as far as he could tell it no longer carried perquat. About 30 businessman

finned strips.

Actually, this week's New Yorker carries the first perfumed strip since the one that offended Heller last year. But The New Yorker joins a small number of magazines in providing scent-free issues to subscribers who are offended by

fragrances or allegic to them.

People magazine in its April 27 issue, for instance, ran a box on its Letters page thied. Just Say No." The box provided an "800" telephone number for subscribers who prefer copies without perfumed Order, Pragmatism said the box would run whenever nearing problems with the premissue of People included a peregement practices and marker funned insert.

names He said that while our we do it as a reader service. countries have done in . she said. We have total personal readers pulled them apart. pelanter cust countries have done ed. zation available at all our printi plants. It is very simple to identify a ingle subscriber and then tailor the magazine to them."

> OR Mirabella, which also ran a notice telling subscribers that they could receive scent-free copies, it is a more expensive pro-duction.

> "The ads are supplied inserts, so we just produce issues in which we don't ship in that insert," said Reocca Darwin, the publisher.

to see prosperity and design both, but in a stable way. Although the volume of com-In other parts of Charles study classes are held every set so in most factories and disast plaints about perfumed ads is low, For magazines without the proper theiade readings of speeds as thought leaders. There is no make technology, sending out separate ssues is expensive and slow.

Publishers said it was impossible to estimate the cost of sending out "Ideological work used to mather impractical, los of successful so on. Mr. Liu said is scent-free copies, in which the same ad appears minus the strip. "It the focus is on leaders sum and ethical. and it is completely uneconomic," said Michael Pashby, senior vice president for circulation at the Magazine Publishers of America.

Other magazines that send scent-free copies on request include, Harper's Bazaar, House Beautiful, Town & Country and Victoria, all published by Hearst Magazines. Conde Nast, on the other hand, does not offer scent-free versions of

Indeed, Kathy Leventhal, pub-lisher of Allure, said a survey of her subscribers showed that 60 percent had bought a fragrance as a result of a performed strip in a magazine. Camille McDonald, vice president of marketing for Ralph Lauren fragrances at Cosmair Inc., said her

company's research indicated that 76 percent of women buying a fra-grance said they had been intro-

duced to it by a magazine.
"It is the overwhelmingly most Mr. Borghini, who had me.

Mr. Borghini, who had me.

Mr. Borghini who had me.

Mr. Berghini who had me.

Mr. Heller wrote. Reached Frience," she said. "There is no equally efficient way of reaching an audience of, say, 2 million like Glam-

> ERFUMED inserts are a costly form of advertis-ing. Publishers declined, however, to estimate the cost, citing the many variations in paper and glue, to say nothing of

The perfumed strip (commonly called a Scent Strip, a trademark of Arcade Inc., a leading maker of fragrance inserts) was introduced by Halston about a dozen years ago in New York magazine and Chicago magazine.

strips, causing strong odors to emanate from the inserts even before

As perfumers became increase ingly enamored of the strips, magazines began couning more of them. to smell like perfume counters.

Things grew so bad that a few years ago magazine publishers and the perfune industry drew up idelines. Postal regulations reflecting the industry guidelines were eventually adopted

"In the last couple of years, all the people involved have been sensitive to the issue and real efforts have been made to minimize the prerelease of fragrance until the strip is ened by the readers," said Mihael Petrina, vice president of the Cosmetic, Toiletry and Fragrance

Association, an industry group.

For the most part, the guidelines have been successful, although magazines with several perfumed strips do emit an odor. The record number of perfumed inserts may the April Vogue, the magazine's 100th anniversary which had five of them.

Deirdre Carmody



## Rerun for the Print Scarf Film-Star Glamour of the '50s Is Back

ARIS — When the Cannes film festival had its international heyday, there was a Riviera style: a square of silken scarf and a pair of skinny pants. This summer that basic instinct to dress like a film star is back in fashion.

For the first time since the Croisette was hot and Capri a hit back in the 1950s, the searf print is the look of the season. It comes as a silk head-square to tie

**SUZY MENKES** 

Grace Kelly-style at the nape. It makes a bold border print for a sarong skirt or splashy patterned leggings. Mostly it comes as a shirt to hang loose over swimsnit or pants, or to tie up round the midriff à la Bardot.

The star turn among scarf prints is Hermès, who started back in 1937, not just with the famous silk

squares, but with patterned swimsuits that could still hold their own today on Cannes's Carlton Hotel beach. An exhibition in Paris at the Hermès Faubourg St.-Honoré store celebrates the sea — the theme of the most recent prints as a counterpoint to the more

familiar horsey images.

The Hermes archives show that it used the scarf print for clothing in the late 1950s, when the famous Brides de Gala print appeared on a blouse and a pattern of pedigree dogs was printed on a 1959 shirtwaist dress. Recent collections have featured scarf-print parkas. blazers, swimsuits and men's vests and ties, and the classic Hermes printed shirt in heavy silk twill, printed in up to 39 colors, is a standard-bearer of style.

But the scarf shirt as a high-fashion look was really created in the 1950s by Marchese Emilio Pucci, whose Colorful prints detonated among drab postwar clothing. Pucci first showed his bold scarf prints, many based on old maps, to Stanley Marcus of Neiman-Marcus in 1948. The elegant and aristocratic Italian designer, who was poolside along with his clients, made the shirt into sery sportswear for the newly minted "jet set." Clients recall the innovation in "Pucci: A Renaissance in Fash-

ion" by Shirley Kennedy.
"It was very new to wear his tight pants with the

Hermès silk twill shirt with a

scarves (far left), and

shirt outside over the pants," says Gioia Marconi Braga; while Consuelo Crespi claims, "He solved all our dressing problems with his solid shirts and pants." in the book, a parade of stars and socialites — Liz. Taylor, Suzy Parker, Marisa Berenson - are all pictured in the distinctive prints.

After slipping out of style for a quarter of a century. prints burst back into fashion with Christian Lacroix's designs at the end of the 1980s. His wild mixes of pattern and print, clashing colors and cultures, mixing bullfighting motifs with rococo ribbons, started a new spurt of interest in the possibilities of print.

Pucci itself - now directed by Emilio's children has had a mild revival. But another Italian designer, Gianni Versace, has relaunched the scarf-print fashion for the 1990s. Using his flamboyant talent for the theater and the resources of Italy's Como silk industry. Versace has made the scarf shirt red hot. His \$2,500 shirts are seen on Hollywood stars tunt least Liz Taylor) and the same prints are splashed over swimsuits, bra tops, stretch bodysuits and leggings, and even a jazzy new version of the palazzo pajamas with which Pucci rose to fame.

Taking themes theatrical or historical, Versace has produced prints of masks, jewels, religious icons and neoclassicism — and sometimes all that on one silk shirt. For this spring season he launched a range of his own classic prints called Signatures, producing his greatest hits as shirts and jackets.

Fellow Italians Gucci and Ferragamo have also created their own scarf prints in lustrous silk, while myriad makers are turning out cheap-and-cheerful versions. In the high-fashion world, designer Angelo Tarlazzi has made the fluttering scarf his signature and has developed witty and elegant ways to make the scarf into clothing.

But the scarf is at its most seductive as a simple; shirt. The focus is on the quality of the double-creamthick silk and the depth and richness of color. Stretch leggings add a body-conscious 1990s look to the sporty style, but the shirts continue to radiate the filmstar glamour associated with Cannes starlets and the-Riviera's grand hotels.



TV personality Betty Furness (right), in 1966, in a two-piece silk Pucci, and Hermès's 1958 silk "insect" shirt (above right).

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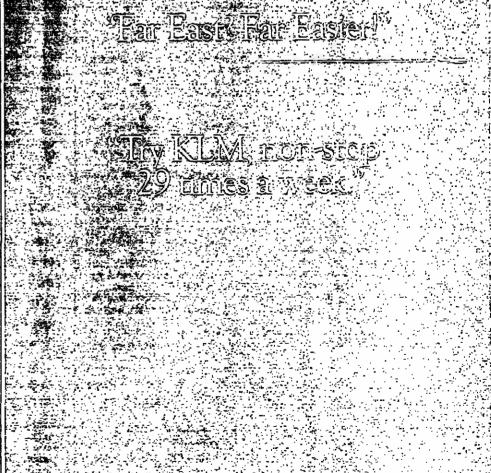
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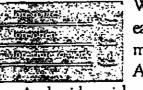
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# Herald Tribune.

## The Army of Tomorrow

Army nor the U.S. Army. With the Cold War at an end, neither Moscow nor Washington wishes to patrol a turbulent globe. If there is to be peace, it will be secured by a multinational force that monitors ceasefires and elections and protects buman rights. Blue-helmeted United Nations peacekeepers are doing just that in a dozen places. including Africa, Central America, Cambodia and what used to be Yugoslavia. Yet even as they depend on UN troops to contain regional conflicts, UN members begrudge the costs. And Washington, which should be leading the way, shuffles for funds and lamely insists that the check is in the mail.

President George Bush has a chance this week to chart a different course and make amends for his past silence on paying the peacekeeping bill. So far he has left that chore to Secretary of State James Baker. The result has been minimal pressure on Congress, which is leery of foreign aid. Congress has already chopped \$80 million from this year's rock-bottom request for \$350 million. There may be further cuts in the next budget, compounding America's \$555 million still owed for regular UN dues and the \$112

million delinquency on peacekeeping.

All this is on the agenda when Mr. Bush meets today with the United Nations secretary-general, Butros Butros Ghali. Surely this is the right moment for the president to speak persuasively to Americans about the costs and the promise of peacekeeping. He has two forceful arguments. One, the UN force serves U.S. interests by saving lives and

rebuilding economies in a stabler world. Two, it does so at bargain rates, since 70 percent of the cost is borne by other nations.

Peacekeepers face an especially daunting and costly test in Cambodia. In mid-June, 10 UN battalions will begin to enforce a ceasefire. Under an agreement signed last October, genocidal Khmer Rouge troops are to enter UN cantonments and relinquish their weapons. This operation cannot succeed unless international donors, including Japan, provide reliable support. With perverse inconsistency. Washington pleads with others to pay more than their mandated share despite the chronic U.S. shortfalls. Blaming Congress is disingenuous since Mr. Bush has conspicuously failed to use his bully pulpit to rally public support. Creditably, the administration will provide blue-helmeted airlifts to Cambodia. But this only confirms how much more could be done if Mr. Bush used his discretionary anthority to transfer U.S. military equipment to peacekeepers.

Granted, Americans are urgently preoccupied with a neglected domestic agenda and a stalled economy. Yet American opinion is broadly receptive to UN peacekeeping to contain turbulence abroad. According to a Roper survey commissioned by the United Nations Association, 55 percent of Americans would rely on UN forces even in conflicts involving U.S. interests. This suggests that peacekeeping could be a political plus for Mr. Bush, if and when be makes a sensible case for the most hopeful diplomatic innovation in a still dangerous world.

— THE NEW YORK TIMES.

## **Accidentally Nuclear**

In the surge of self-determination that dissolved the Soviet Union, three new nuclear states were inadvertently created on top of already ouclear Russia. Ukraine, Kazakhstan and Belarus joined the world's most exclusive chib simply by inheriting weapons that the old Kremlin had deployed on their soil. The phenomenon of accidental membership is new and a terrible blow to nonproliferation. It poses the delicate question of how to pry the accidental powers out of a status that the Original Five eling to and prize. Belarus appears to be getting out of the business without complication. But the two others, while they are oot menacing proliferators, are at the least testing whether they can use their bombs for political bargaining as

they seek a place in the new world. Ukraine's Leonid Kravchuk showed his style at the White House last week, Previously he had slowed the transfer of tactical ouclear weapons to Russia for dismantling. In Washington be reported that they now have all been removed. But his word on strategie ouclear weapons was oot so cheering. He insists that Ukraine will become nonnuclear, but his schedule for reducing strategic weapons is drawn out and uncertain. Historical Ukrainian-Russian tensions are

reappearing over issues of territory, control of the Black Sea fleet and Ukraine's Russian minority. He displayed a measure of distrist for Moscow that could yet ripen into a rationale for not letting those weapons go. Next week Kazakhstan's Nursultan Na-

zarbayev visits Washington. He, too, embraces the nonproliferation cause, but, while prepared to yield tactical weapons, he stays a bit vague about giving up strategic ones. As new nuclear states, Ukraine, Kazakh-

stan and Belarus do not have entrenched nuclear lobbies. President George Bush offers Ukraine the commercial advantage, pobtical consultation and overall Western relationship that be hopes will be a substitute for ouclear rank. Meanwhile, the United States is drawing the three ex-Soviet states into the charmed circle of international arms control (the START treaty) so as to ease them from it, bombless but under the Nuclear Nonproliferation Treaty's ouclear security umbrella, by the end of the decade.

The key to the nuclear disarmament of these accidental ouclear powers remains their relationship with Russia, Russia bears the major continuing responsibility for putting their legitimate anxieties to rest.

-THE WASHINGTON POST.

## A March for the Cities

march on Washington, important but unlikely to attract more than a day or two of publicity. Now, however, next Saturday's march to "Save Our Cines/Save Our Children" could well shake America's capital and move elected officials to address the

sufferings of the cities.

What lifts this march above the routine is the verdict rendered in the Rodney King trial its violent aftermath in Los Angeles and other cities, and the White House's offensive effort last week to blame the riots on the Great Society's anti-poverty programs of the 1960s and 1970s. The eagerness of President George Bush's men to distort history and ignore the federal government's responsibility to urban America requires a loud and dramatic response.

The forthcoming march provides a timely bullhorn, Organized by Osborn Elliott, chairman of the Citizens Committee for

It could easily have been just another New York City, and supported by many of set the record straight.

The lawlessness that struck Los Angeles and other cities was inexcusable. Yet it was rooted, in part, in anger, despair, homelessness and poverty. People concerned about the cities can oow signal their impatience with 12 years of federal indifference years that witnessed systematic cuts in federal aid to cities, an increase in poverty and a dramade shift in the burden for helping the poor from Washington to the cities.

The more people who march on May 16, the louder the message to Los Angeles, the White House, Congress and candidates for office. In the words of New York City's mayor, David Dinkins, "a vast, peaceful march on Washington can be as powerful today as was the civil rights call to action" by Martin Luther King in 1963.

- THE NEW YORK TIMES.

#### Other Comment

#### A New Era in Central Asia

Mujahidin victory in Afghanistan has given a boost to the disparate factions eager to dislodge unreconstructed Communists from power in Soviet Central Asia. The president of Tajikistan has already been deposed and a coalition of Islamic and secular opposition groups is in power. If unrest sweeps the region, old-line Communist leaderships in Turkmenistan and Uzbekistan also may experience a challenge by Islamic groups.

It may be a long time before the Central Asian situation is sorted out. We are now witnessing the undoing of an empire that Russian czars forged in the 19th century. This is historical reorientation for Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan and Kazakhstan. In the absence of a strong central government in Moscow, these republies are returning to their natural geopolitical context. As this process continues, they may develop close links to Turkey, Iran, Pakistan, Afghanistan, India and China, which once shared goods and wisdom with the region as partners of the ancient Silk Route.

Under communism, the Central Asian republics were supposed to be Moscow's ideological show window to Third World countries. Tashkent, in Uzbekistan, became a propaganda center where thousands of

foreign students attended the university and Third World-oriented conferences on myriad topics were held. Yet any true exchange of ideas with foreigners was impossible in the Communist environment of suspicion and tight controls. Another problem: The Soviets simply could not figure out how to reconcile their atheistic dogma with the emergence of Islam as a defining regional social and political force.

With Moscow's controls gone, the Central Asian republics can go their own way. Some share cultural and linguistic heritage with secular Turkey. Some feel historic affinity to Iran. In Tajikistan, much of the recent nanonal consciousness was fanned by the Taiik (Farsi) Language League, which in recent years has talked about economic, cultural and scientific contacts with Iran. How much of this interest is cultural, how much religious-political is difficult to ascertain.

Tajikistan borders on Afghanistan. Re-cent developments in Afghanistan, where an uneasy Islamic partnership of guerrilla groups has taken over, may not affect Tajikistan directly. But the fact that Ahmed Shah Masoud, the Afghan guerrilla leader, is an ethnic Tajik underscores how interwoven evenus can be in this crossroads of culture and political influence.

- The Baltimore Sun.

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## **OPINION**

# Time to Recall What European Union Is All About

BRUSSELS—The Euro-debate that started in Britain is spreading across Europe Questions are being raised not only in the European Community states that are debat-ing ratification of the Maastricht treaty but also in the states of the European Free Trade Association that stand on the brink of entry.

What we see today, however, is but a mere beginning. This is so because the European Community should not and will not refuse entry to any democratic, market-oriented European country willing and able to assume the rights and duties of membership.

In the Euro-debate that will rage as the number of EC members swells from 12, it will not be possible to avoid the question of what the Community is really about: reinforced intergovernmental cooperation, or a far-going pooling of sovereignty involving matters such as foreign policy, defense and security.

What we shall be debating in fact is a pro-

found change in the relations that have thus far existed between nation-states in Europe. Margaret Thatcher observed recently that

"liberty can only exist in a civilized society with the rule of law." Law as the guarantor of liberty is a fundamental concept but not a simple one, because law also does the opposite of creating freedom — it limits it. Law protects and frees me by limiting another person's freedom; by limiting my freedom, law protects and frees others. This is the way the rule of law creates the indispensable conditions for the existence of freedom.

Within our nations, constraints on freedom resulting from the rule of law are accepted in exchange for the safety and freedom that the law provides. Also accepted are the democratic institutions necessary to enforce the law

and to change it by specified procedures to adapt to changing circumstances. But creating a "civilized society with the rule of law" between our European states is a centuries-old dream thus far not realized. As Raymond Aron pointed out in his book "Peace and War": "In their mutual

By Max Kohnstamm

relations, states bave oot yet departed from the state of nature," a condition in which the rules of the jungle hold sway and "everyone does what he wants, therefore everyone is afraid and alone, no one free."

Since the nation-states appeared in Europe, political leaders have mainly used two alternatives to deal with the dangers of life in the jungle: hegemony or balance of power. These methods may seem different, bot in reality they are two sides of the same coin. A balance of power is oever perfect. For a state or a coalition to be safe, it should be at

At stake in the coming debate is whether Europe will definitely bid good-bye to the twin concepts of hegemony and balance of power.

least slightly stronger than its opposite num-

bers. To be entirely safe, it must dominate

the opposite state or alliance. Any attempt to establish such domination, however, leads to the assembly of a counterforce, generally resulting in war. A balance of power, therefore, creates at best a temporary calm, an interval between new outbursts of violence. As long as the wars were not too destructive and the armistices not too short-lived, balance of power seemed acceptable as a means to organize the relations bewteen European states. However, by the middle of the 19th century some of the people of Europe were beginning to find it less acceptable. Daumier summed it up beautifully in his

"Equilibre Européen," a drawing of Marianne on a bomb whose fuse had been lit. After World War I, Keynes pointed out

that the complicated nature of Europe's economic organization threatened to turn civil conflict in the European family into a disaster. The League of Nations (Société des Nations) created by the victors did not establish a civilized society because its members did not agree to constrain their free will (libre

It took only 20 years for Keynes's 1919 prediction to be fulfilled, namely the outbreak of "a war before which the horrors of the late German war would fade into nothing." By the end of World War II, statesmen began to recognize that the structure of the relations between European states was not the European concert they had thought they were composing but, as John Foster Dulles

said, "a proven firetrap."

For the founding fathers of the European Community, economic integration was un-doubtedly a necessity in itself, but it was also the indispensable means to achieve a revolu-tionary change in the relations between their nations. They sought to establish between nations long opposed to each other a "civilized society with the rule of law." They recognized that it meant constraints on the libre arbitre of their nations. They envisioned an evolving Community being a process of

change toward that goal.

In his memoirs, Jean Monnet reproached himself for not having made clear enough that the Community should not be an end in itself but a process for teaching Europe's nations to live together in civilized society under the rule of law. During the Euro-sclerosis of the early 1970s and mid-1980s and during the Euro-phoria of recent years, there was not much debate on what the Community should really be about. Now, however, the peoples of Europe are returning to that question. The Treaty on European Union signed at Maastricht February and put before the Community's member states for ratification has set a new Euro-debate in motion.

Europe's need for one single market is not

position to give.

in dispute, nor is the fact that this market needs a level playing field based on rules established, supervised and maintained by the Community's institutions. Differences certainly exist between the member states — and will continue to exist — about how level the playing field should be, and about what matters need to be dealt with to achieve it. However long and ardnous the debate, decisions are usually reached.

What is at the center of the present Enrodebate is sovereignty: constraints on libre arbitre. Nevertheless, it is likely that the treaty of Maastricht will be ratified, probably by the end of this year. Yet the present Euro-debate will continue

and even become more intense, since the Community will have to face the challenge of enlargement, doubling the number of mem-ber states from 12 to 24 or even more. That challenge involves much more than how many members of the European Parliament each state should have, what weight each nation's vote should have in the Council of Ministers, and whether each nation should nominate a member of the Commission. At stake in the coming debate is whether Europe will definitely bid good-bye to the twin con-

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cepts of hegemony and balance of power.

The choice before the European Community and the countries which want to take part in its development is between accepting the constraints of common rules and common institutions in order to move forward to a civilized society guaranteeing their freedom and peace or returning to the mutual fears, suspicions and misunderstandings that are the inevitable result of the absence of the rule of law - returning to the alternation of hegemony and balance of power that in the past has come so close to destroying Europe.

The writer was a close associate of Jean Monnet and has been involved in European integration since 1950. He contributed this comment to the International Herald Tribune.

## Germany: Outsiders and Germans Themselves Ask Too Much

BONN -- One can imagine Germany's future as a power of the

first rank, but it is not now, Germany is trying to fill a huge power vacuum left by a collapsed Soviet Union and a declining America — and it does oot have the means. After Western Germans drag their

Eastern cousins to near equality, Germany will begin to reach its full potential. But that is 10 or more years away - except in Eastern Europe. For oow, Germany's friends and allies, old and oew, ask too much of

this ocwly united country, And Germans ask too much of themselves. They are expected to produce breakthroughs in the free trade negotiations, unify Western Europe, lead the aid effort to the ex-Communist East, stop Balkan fratricide and house millions of immigrants. This is more than the United States or Japan, two bigger countries with much bigger ecocomies, could do. And it is

certainly more than Germany, with

By Leslie H. Gelb

its huge remification costs and its fragmented politics, can undertake.

To be the father and the bride at every wedding, to pay and to star, puts too great a load on German society — although worriers should be calmed to see how well uptight Germans dealt with last week's labor strike that left garbage oo their

rirginal streets. Germany is and will be the preemioent power in Europe. It has and will have enormous responsibilities. But the West should take some pressure off Bonn, and Germans need to relax

Hans-Dietrich Genscher, in his last weeks as foreign minister, disagrees.
"We have to lead — in partnership
with our allies," he insisted from his
characteristic slouch in an office that he has graced for more than 18 years. That is longer than anyone has com-manded the foreign policy of modern

Germany, save Otto von Bismarck, the 19th century master diplomat whose portrait faces Mr. Genscher's desk. "Germany cannot solve its inter-nal problems," he continued, "without solving its external problems." Mr. Genscher will not rest easy until

an "architecture of peace and demo-cracy" is in place from Vladivostok to Vancouver. He wants Germany to be the guarantor of close relations between Europe and America. He wants more binding ties between East and West. He wants Germany to be embedded firmly in a united Europe. The goals are the right ones, noble

and visionary, and just what Germa-oy's friends desire. But they also demand more than Germany can deliver. Washington now looks to Bonn to save the current GATF free trade round. Somehow Bonn is supposed to produce French concessions on agri-culture that seem beyond President

And often when German leaders show the leadership demanded of them, their friends bridle and complain. Bonn had good reason to press

internal political stability.

its partners to recognize the indepen-dence of Croatia. Nothing else had worked to end the bloody fighting with Serbia. Yet Washington and oth-ers accused Bonn of catering to domestic political pressures. Bonn had every cause to condemn Turkey for using German arms against Kurds. But when the Turks squealed about Hitler-style interference, few defended Bonn's defense of human rights.

François Mitterrand's power and dis-

nants of the Soviet empire. Yet Bonn

already gives far more than others, on top of the \$100 billion it transfers

yearly to Eastern Germany. These

sums are already generating financial

strains in Germany that will test its

Bonn will also have to pass tough laws to curb immigration. There is no The West expects Bonn to provide other way to blunt simmering German discontent and a menacing right wing. Yet those necessary actions will the bulk of Western aid to the rem-

be greeted by cries of Nazism.
The fact is that Bonn's allies want it to lead when, where and how they desire - and even then they do not like it. They want German money. but not German power. These negative vibrations do not do much for German self-esteem and self-confidence, qualities essential to further

cement its democratic future, There is no crisis here about Germans or German policy. But expectations about what Germany can and should do are too high for the good of Europe — and for Germany's good. Mr. Genscher, for all his activism,

understands this. "It would be wrong to expect one country can play a master's role in Europe, particularly not Germany."

The New York Times.

aid they can best use now is techni-cal assistance and equipment for

Interference by the IMF staff and

Washington in Russia's domestic af-

fairs is a tactical error of great magni-

tude. When Mr. Yeltsin is forced to

make further relaxations in his shock

therapy program, will external aid then be cut off? A slight softening of

shock therapy has been accepted as

necessary by the IMF and the U.S.

authorities in order to avoid popular

unrest and a dramatic fall in produc-

tion. If this unrest continues and grows, and if further declines in out-

put take place - as is likely - will

aid be terminated? Will not the Rus-

sian people then turn against the Western countries which it may well

regard as responsible for their woes?

for the IMF and the U.S. administra-

Would it not now be more rational

this purpose.

## Russia: Shock Therapy Isn't the Way to Promote Democracy

GENEVA — The International Monetary Fund and the U.S. cause they mean that the government

government are undermining their own aims of promoting a market economy and a democratic government in Russia and in the other republics by imposing as a condition for aid dogmatic directions for shock therapy — or what has been termed "shock without therapy" — requiring sharply increased prices as a first step, together with only a slow growth in income and a large reduction in budget deficits.

Why are these shock therapy pre-scriptions doctrinaire, misguided and self-defeating? The main reason is that the abrupt

price rises for consumer goods (ex-cept for rents, medicines, baby food and ntilities) unaccompanied by adequate increases in consumers' incomes is in itself a major cause of the hyperinflation and degradation of the value of the ruble.

The output of goods has already fallen by an estimated 18 percent and a further decline of the same size is expected in the coming year. The private entrepreneurs being

spawned in Russia today are mainly black marketeers or corrupt officials who have stolen state property. A Mafia-type goods distribution system continues to exist and grow. The economic ontlook is bleak for all except hustlers and fast-ruble artists. Even though, at the recently con-cluded Congress of People's Deputies,

Russians' real need is for technical aid and equipment to increase domestic output and supplies to consumers.

the government — under pressure from its opponents — survived by relaxing credit controls for industries. by delaying increases in some energy prices and by increasing wages for public sector employees, its further existence is assured for only a few months. But it has announced its intention to maintain the shock therapy. According to the monetarist doctrine preached by the IMF staff and the U.S. administration, a budget deficit and increases in the money supply are the main causes of inflation. But this is not necessarily so. If it were, the United States itself would now be suffering from high inflation. This is not happening. When a budget deficit is used to finance production and consumption, it need not be inflationary. It is simply a means of meeting current needs until such time as an economic upturn takes place. It is true that a budget deficit will increase consumption, but this need oot be inflationary if at the same time output grows correspondingly. In a capitalist economy a large

budget deficit and an increase in the

money supply may be harmful be-

By Melvin Fagen

increases its borrowing from private savings. But in an economy in transioon from a command to a market system, where there is not yet a private capital fund for investment, such a harmful effect will not take place.

It is wrong and unfair to smear the opposition to President Boris Yeltsin's policies as being composed of the "old guard" or nationalist conservatives. Opposition is in fact widespread among the people. It is led by democradeally elected representarives like Anatoli Sobchak, mayor of St. Petersburg, and many eminent economists who believe that shock therapy will not bring the country to a market-oriented system but will instead lead to a dictatorship.

They were powerful enough to force Mr. Yeltsin to agree that the deputies would have the right to re-fuse to accept his choice for minis-

MOSCOW — The West took a long time to make up its mind that it is in its best interest to help

Russia and other members of the

Commonwealth of Independent States get out of their post-Commu-

nist economic and political crisis.

I do not intend to spoil the mo-

ment with too many nasty comments when my country is about to join the International Monetary Fund and the World Bank. But I am not sure

that it was absolutely necessary, in order to be admitted to the IMF and

become eligible for help, to expose

the commonwealth peoples to the al-most intolerable hardships arising

from the lifting of controls on prices

This price liberalization has wined

out savings, wages and pensions, and

virtually devastated the economy, all

in the hope that foreign investment

The prospect of a flood of invest-

ment is increasingly dim in light of developments in Poland, for exam-

ple, where Western interest has oot

vet materialized even after all IMF

In the ex-Soviet Union it is dangerous to add to the extremely painful

"shock therapy" a steep rise in energy prices, which may put an end to a

sizable part of agriculture and indus-

try, causing mass unemployment and

hyperinflation. Are huge sacrifices

really necessary to turn our economy

around? Don't the consequences make

I dislike the style of the IMF bu-

resucracy and its Moscow buddies.

They do not look like promoters of

free market democracy and civilized

principles of international relations.

They resemble neo-Bolsheviks who

love expropriating other people's

money, imposing undemocratic, alien

rules and stifling economic freedom. I think the West has accepted the

the transition even more difficult?

nands were met.

will pour in as production falls.

for food and other essentials.

ters in the future government. Since a two-thirds majority is occessary for this, the opposition still has strong cards to play.

Convertibility is a major objective of the IMF staff and the U.S. administration, but it is a snare and a delusion to believe that it will help put the country on its feet. A favorable ruble rate is unlikely

because of the weakness of the Russian economy. The main purpose of the IMF and U.S. officials in stressing this objective is to provide favorconditions for foreign investment, but this goal can be achieved by other means than a freely transferable ruble fixed at a single rate; many countries have promoted foreign investment at special favorable rates designed to this end, even though such measures are disapproved by the IMF and U.S. authorities.

By Georgi A. Arbatov

IMF's orthodoxy not because of its

demonstrated effectiveness; it has had as many failures as successes. But the

fund conveniently shifts responsibility for the results of unpopular policies from political leaders and countries

This situation may change after

Russia and other commonwealth countries join the IMF and the World Bank. The countries will have

to comply with rules of both organi-

zations. But this participation, com-bined with other deep changes, will

create a new economic world order.

with its traditional recipes, and to a lesser extent the World Bank, will not

have to adapt to this new situation

Negotiations for a mutual adjust-

Our primary challenge is to move as

quickly as possible from the stage of "stabilization" (whatever this means

in the strange vocabulary of IMF wiz-

ards and the people surrounding Ye-gor Gaidar, Russia's deputy prime minister) to the stage of growth of

domestic production. This will im-

prove living conditions in common

wealth countries, which have recently sunk to the Third World level.

this transition are emerging. Such dif-ferent people as Malcolm S. Forbes

Jr., Mortimer Zuckerman, Robert

Bartley of The Wall Street Journal and

Norbert Walter, Deutsche Bank's se

nior economist, have recently voiced

interesting suggestions and criticism.

There are encouraging signs of a new

realism and healthy skepticism in the West about traditional IMF policies.

In Russia, responsible politicians

and economists are questioning IMF

and homegrown dogmas and looking for realistic solutions and reasonable

Fortunately, alternative ideas for

ment should start immediately.

It is naive to think that the IMF.

to international bureaucracies.

A basic fallacy of the IMF-U.S.

approach to Russia as well as to other and supplies to the consumers. The countries needing assistance is that they fail to take into account the social and political consequences of the economic measures they impose as a condition for their aid.

Russians may well ask themselves whether it is worthwhile to suffer a declining standard of living in order to receive what is clearly an inade-quate handout in return. Thus, for example, the external aid offered to Russia consists of a \$2.5 billion debt reschedding essentially favoring for-eign creditors, \$4.5 billion in aid from international organizations — if they are able to obtain this from their members - and \$11 billion in bilateral assistance that will mainly consist of help to Western exporters.

All this aid will have to be repaid

by the Russian people; it will add to their already heavy international indebtedness

The real need of the Russian peo-

More important are the reputations of

ple is to increase domestic ontout

A Neo-Bolshevik Brand of Capitalism

tion to revise their past policies so as to recognize — as the World Bank has done in its latest annual report that a gradual transition to a market economy rather than a "Big Bang" may be justifiable, and to give up the monetarist dogma that money supply is the main factor in inflation? In so compromises. Far more than the per-sonal reputations of Mr. Gaidar, Jef-frey Sacis (the economist advising the Russian government) and a bunch of doing, they might even accept the view that what has been termed "development with a human face" is the anonymous IMF experts is at stake.

principle to be followed. .

the market as an institution, Russia's leadership and, finally, the West, for by making this commitment it has taken on itself a great responsibility. The writer, director of the Institute United States and Canada of the of United States and Cantous of the Russian Academy of Sciences, is a member of President Baris Yeltsin's Consultative Council. He contributed this comment to The New York Times.

They might even consider it wise to avoid imposing conditions for aid on a take it or else basis. While offering friendly advice, they should recognize that the recipients of aid ust — after all — be free to follow different paths to democracy.

The writer is a former director of the UN Economic Commission for Eurupe. He contributed this comment the International Herald Tribune. e. He contributed this co

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Polynesian Revolt SAN FRANCISCO - A telegram

states news of a serious revolt among the natives of the Leeward Islands, or "Hes Sous le Vent" in the South Sea. The natives of this group, which is under French protection, have re-fused to obey French officials and declared war. One thousand fighting men assembled in the island of Raiatea, and three French warships had left Tahiti for the scene of the outbreak. Commanders were instructed to quell the revolt and to resort to extreme measures if necessary.

1917: Black Eagles Gone

PARIS -For the first time in centuries, says the "Figaro," the famous black eagles of the Swabian Alps, where the castle of the Hohenzollerns stands on a wild height, have aban-doned their aerie, the "Schwartzadlers Horst." According to legend, these caples protected the destimes of the Hohenzollerns, and their departure is looked upon as an evil omen by folk throughout Germany.

1942: Secret Shipments

LONDON - From our New York edition: Specific reports that Germany has transported poison gas to the Russian front and is building gas shelters throughout the Reich in-spired Prime Minister Camehill's warning to the Nazis that its use would bring retaliation. Since February large German shipments of car-boys filled with mestard gis passed through a section of the Russian front. They were followed by trainloads of mustard gas, craic after craic of gas ammunition, and large earthcoware containers of gas marked not to be opened except by special order." A six-barreled gm called a "do beneare " and a second containers of the "do kanone," which throws grandes and shells loaded with liquid gas of great corrosive effect, reportedly has been perfected. Several Londoners, as a result of Churchill's speech, were

nerald

seen testing gas masks today.

**OPINION** 

# 4ll About

i iere playing field based on the supervised and maintained a supervised and maintained a supervised the member state. some new services of the servi rag field should be, and about was 128 tiens should with to achieve it se leag and arduous the debate, dej.

is at the center of the present Employees the sovereignty: constraints on library Maastricht will be ratified, probable of this year. the end of this bear.

The present Euro-debate will continue
the present Euro-debate will continue

the present Europe ontense was comme on become more intense, since the challenge of mert doubling the number of mon ues from 12 to 24 or even more. The the towers much more than how the European Parliamen sace should have in the Council of ess and whether each nation should are a member of the Commission At are a meritor of the is whether Enope in the coming debate is whether Enope in the twin continuely bid good bye to the twin continuely bid good bye to the twin continuely bid good by the twin bid good by the twin bid good headman and balance of power. the countries which want to take put the countries is between accepting the and of common rules and common inces in order to move forward to a d society quaranteeing their freedon ase of returning to the mutual feat one and misunderstandings that are vilable result of the absence of them referring to the alternation of and balance of power that in the 25 come so close to destroying Europe

writer was a close associate of less a and his been involved in Europea there since 1950. He contributed in ec to the International Herald Tribue

## sk Too Much

Bonn will also have to passed in the second in the second immigration. These ether was to blunt simmenge man discontent and a menante wine Ye: those necessary action

be excelled by thies of Nazisn The fact is that Bonn's alling it to lead when, where and lock desire - and even then they be like it. They want German was eut net German power. Theres tive vibrations do not do made German will-exteem and selfed dence, qualities essential to fine coment its democratic future.

There is no crisis here about & mans of German policy, But open about what Germany canz should do use two high for the each Europe - and for Germany's me Mr. Genseher, for all his some enderstands this. "It would white to expend one country! - ... a master's role in Europe, p Linuar's not Germany." The Vin York Times.

## te Democracy

and supplies to the consumer h and they can bust use now beb Lasty and equipment in spurpose he the IMF and

Washington in Russia's doors fairs to a factical error of green race. When Mr. Yeltsin is let make further relaxations mass then be out off. A slight solone shock therapy has been some received by the IMF and &B authorities in order to avoid per errest and a dramatic fall in pri green and if further declars ag are take place — as is likely and be terminated? Will not be an people then turn arms Western countries which it me mare as responsible for the

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Would a not now be more for the IMF and the U.S. sales to recognize — as the World k cus dene in its latest annual rope that a gradum transition was comony rather than a By Tay be ustifiable, and to meet monetarist doesna that noneys come, the might even accept view that what has been termed velopment with a human large

remarple to be followed.

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The writer is a former direct to UN Economic Commission rege He contributed this contributed the International Herald Tribut

10, 75 AND 50 YEARS AG ture is looked upon as an end by folk throughout German

1942: Secret Shipma LONDON - From our No. edition: | Specific reports the edition: | Specific reports many has transported poison from and is build the Russian from and is build the Russian from the sheiters throughout the spired Prime Minister that is warrang to the Nazis Smerk would bring retaliation. ary large German shipmen through a soction of the

> and shells loaded with great corrosive effect from perfected. Several as a result of Churchill's

Let Private Communicators Keep Up With the Tappers

W ASHINGTON — The world's es-pionage agencies are busily re-tooing. Mintary intelligence is no long-or the hot mellel; technological trade secrets are what the customer wants.

You might think, with foreign economic spies intercepting America's global data transmissions, faxes and phone calls, that the Bush Justice Department and National Security Agency would be beloing American businesses defend communications from prying eyes and ears of overseas compeniors eager to steal scientific advantage. The opposite is the case. In a policy

blunder ranking with the adoption of the Smoot Hawley tariff as depression loomed, the Bush administration sent FBI Director William Sessions to Con-

U.S. spooks worry that they will no longer be able to listen to what Americans and their computers are saying to each other.

gress to argue for a weakening of the devices that U.S. citizens use to encode and keep confidential the information the competition would love to see.

Why on earth would George Bush want a new law-preventing Americans from using the most sophisticated techniques they can devise to stop economic espionage? Because, you see, the new delenses against stealing information — coding software already available allower the world — work all too well. U.S. spooks and law officers are worried that they will no longer be able to listen to what Americans and their computers are

sying to each other. Therefore, say these lawmen, let's insist on a system of electronic locks that can't be jimbled by low level thieves but are not strong enough to stop the heavy hit-ters — "good enough but not too good." In that way, federal wiretappers and computappers supposedly can continue to break into data networks to help catch bookies, drug snugglers and terrorists. This is a classic case of falling off the

pace of change. In the name of law enforcement, you make yourself technologically vulnerable to international criminality. To preserve the large investment in old eavesdropping facilities, you abandon the field to modern organized crime.

Does anyone seriously think that state terrorism cannot afford the best encryption and penetration software, or that drug cartels cannot buy the latest encryption devices for their money movements?
Sure, old-fashioned wiretaps got John Gotti. But not three years ago, with Federal Reserve computers whirring, and the

NSA's Big Ear sucking up global tele-phone calls (and with no serious encryption working for him), Saddam Hussem was able to run \$4 billion in 3,000 illegal transactions through an Atlanta bank to finance his nuclear missile development. The trouble with both America's feder-

al law enforcement and intelligence services is that they have become booked on yesterday's technology. Electronic surveillance for cops and satellite photography for spooks have become central to their lives; their reaction to the inexorable improvement in encryption is to say to the world of science: Slow down.

It won't. In trying to sweep back the tide of change, King Canute-style, the FBI is the front for the intelligence community, which hates to be forced to go back to the difficult days of running human spies. The NSA (No Such Agency) is obsolescent because its expensive eavesdropping is an offensive weapon in the coming age of digital defense.

Wouldn't it be nice to know you can

get a key that makes it impossible for anybody — your competitor, your spouse, your friendly revenuer — to read

the faxes you send and receive?

Wouldn't it be useful for banks transferring money and for people making contracts to be able to verify a signature on a document without needing an original copy? Wouldn't it be a boon to competitiveness for workers to be able to speed trade secrets through secure

President Bush is on the wrong side of this issue (and Ross Perot will take him apart on it in debate) because his mind-set is toward old-fashioned spookery and against personal privacy.

In the end, that is what this futile scramble to stop the scrambling will come down to: not to stop the march of progress, not to take tools from counterspies, but to preserve business and personal privacy. The coming Information Age threatens to be intrusive; the individual will be watched, examined, crowded. At the same time, to the happy tune of "I got algorithm," the com puter-telephone complex brings defenses against its own intrusion.

The New York Times.

## Truly Electrifying Entertainment

ROXBURY. Connecticut — The time has come to consider the privatization of executions. There can no longer be any doubt that government - society itself - is incapable of doing anything right, and this certainly applies to the executions of convicted crimmals. At present, the thing is a total loss - to

to society. It need not be so. People can be executed in places like New York's Shea Stadium before immense paying audiences. The income

#### MEANWHILE

from the speciacle could be distributed to the prison that fed and housed him or to a trust fund for prisoner rehabilitation and his own family and/or girlfriend, as he himself chose. The condemned would of course get a percentage of the gate, to be negociated by his agent or a promoter, if he so desired.

The take would, without question, be sizable, considering the immense num-

ber of Americans in favor of capital punishment. A \$200 to \$300 ringside seat would not be excessive, with bleachers going for, say, \$25. As with all sports events, a certain ritual would seem inevitable and would By Arthur Miller

quickly become an expected part of the occasion. The electric chair would be set on a platform, like a boxing ring without the rope, around second base. Once the audience was sealed, a so-

the convicted person, to his family and prano would come forward and sing The Star-Spangled Banner." When she stepped down, the governor, holding a microphone, would appear and describe the condemned man's crimes in detail, plus his many failed appeals.

Then the governor would step aside and a phalanx of police officers or possibly national guard or army troops would mount the platform and sur-round the condenned. This climactic entrance might be accompanied by a trumpet fanfare or other musical number by the police or army band, unless it was thought to offend good taste. Next, a minister or priest would ap-

pear and offer a benediction, asking God's blessing on the execution. The condemned, should be desire, could make a short statement and even a plea of innocence. This would only add o the pathos of the occasion and would of course not be legally binding. He would then be strapped into the chair.

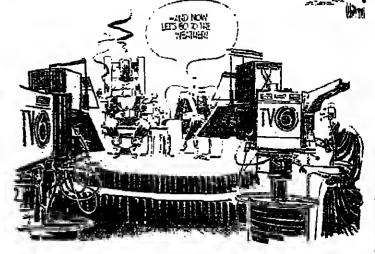
Finally, the executioner, hooded to protect himself from retaliation, would proceed to the platform. He would walk to a console where, on a solemn signal from the governor, he would pull the switch. The condemned man would instantly surge upward against his hind-

ings, with smoke emitting from his flesh. This by itself would provide a most powerful lesson for anyone contemplating murder. For those not contemplating murder, it would be a reminder of how lucky they are to have been straight and bonest in America.

For the state, this would mean additional income: for the audience, an intense and educational experience people might, for example, wish to bring their children.

And for the condemned, it would have its achievement aspect, because he would know that be had not lived his life for nothing.

Some might object that such proceedings are so fundamentally attractive that it is not ton much to imagine certain individuals contemplating murder in order to star in the program. But no solution to any profound social problem is perfect. Finally, and perhaps most impor-tant, it is entirely possible that after



witoessing a few dozen privatized executions, the public might grow tired of the spectacle - just as it seizes on all kinds of entertainment only to lose interest once their repetitiousness be-

comes too tiresomely apparent. Then perhaps we might be willing to consider the fact that in executing prisopers we merely add to the number of untimely dead without diminishing the number of murders committed.

At that point, the point of boredom, we might begin asking why it is that Americans commit murder more often

than any other people. At the moment we Americans are not bored enough with executions to ask this question; instead, we are apparently going to demand more and more of them, most probably because we never get to witness any in person. My proposal would lead us more quickly to boredom and away from our current gratifying excitement - and ultimately perhaps to a wiser use of alternating current.

Mr. Miller, the playwright, contributed this essay to The New York Times.

#### LETTERS TO THE EDITOR

The City of Joy': A Reply

Regarding "Calcutta Will Survive the Movie" (Meanwhile, April 23): As the anthor of "The City of Joy," the book on which the film of the same name was based, I feel obliged to offer a reply to some of the errors in the

article by Shashi Tharoor. The Bengali reporter who covered the filming of "The City of Joy" did not die after "allegedly being besten by two of Mr. Josse's assistants," but of a generative of the control of alized cancer, as was established by an official medical incuirs

. The courts did not keep "the crew's cameras idle for months." Filming went on according to schedule except for four days in a total of 18 weeks.

· Although Calcutta is full of very bterate people, I somehow doubt that Mr. Theroor has ever sat in a Calcutta coffeehouse in which "the waiters speak knowledecably of Godard and Truffant. My book was not burned by those I wrote about, the residents of the slum of

On the contrary, those residents gave

me an official welcome when I returned to their shim after the publication of the book. I am proud to say that I am considered as something of a bero there.

· Contrary to what Mr. Tharoor writes, there are no "images of dying Indian babies" in Mr. Jolle's film. There is, however, a marvelous scene of the lelivery of a healthy, beautiful haby.

The 170,000 letters I received from readers (the book sold 61/2 million copies in 31 languages and editions) praised the book for its message of courage, dignity, love and faith coming to the affluent Western world from a shim in Calcutta. I doubt that Mr. Tharoor has either read my book or seen the film. If be had, he would not have written that the book is

ahout poverty and piety."

Since the book was published in 1985, I have donated half my royalties from it to Calcutta-area charities, aiding schools, homes for lepers and handicapped children, dispensaries, and irrigation and drinking water programs as well as repairing damage from cyclones.

DOMINIQUE LAPIERRE

## Indian Nuclear Restraint

Regarding the editorial "For a Nucle-ar-Free India" (April 29):

One may well object to what India has done in the nuclear field, but let us not forget what it has not done. Every nation that lested once went on to test dozens of times, or bundreds in the case of the superpowers — except India.

AARON TOVISH.

Regarding Michael R. Beschloss's re-view of Kai Bird's "The Chairman: John J. McCloy: The Making of the American

Yet More Discredit

Establishment" [Books, April 24): To the items to Mr. McCloy's discredit cited, at least this one could have been added: As U.S. high commissioner for Germany in the early postwar years, he pardoned some of the most notorious Nazi mass murderers; several of the leaders of the Einsatzgruppen of the Getman security police that carried out massacres of Jews on Soviet territory -

including the one at Babi Yar near Kiev in September 1941 - which claimed altogether close to 2 million victims. FREDERIC S. BURIN.

Villars-sur-Ollon, Switzerland,

#### On Mitterrand's 'Lesson'

In response to the report "Mitterrand Blames U.S. on Social Policies" (May 2): Let President François Mitterrand do something about the 15 percent of the French electorate that votes for a farright party that opposes immigration. and let him do something about the serious racial crisis in France's own suburban slums, before he gets up on his high horse and delivers lessons to Americans about our serious racial problems. FRANCIS M. S. PEEL.

Geneva

I cannot help wondering how French politicians would have reacted if George Bush had identified 11 years of socialism as the cause of the riots in suburban Paris a few months ago, or if he had criticized the recent dropping of charges against an alleged war cruminal. Perhans they would have called it something like interference in French domestic concerns.

JOHN GREGORY.

#### **Armenia Must Not Forget**

Regarding the report "Common Sense Loses Again; At Last Minute, a Turk-Armenian Deal Fails" (March 31);

If the guilty party asks for forgiveness, he or she stands a chance of being forgiven, but to ask Armenians to forget is out of the question. Otherwise they would trample the memories of at least

If international powers had had the courage to condemn and judge it seven decades ago, the Holocaust would never bad taken place.

Just how powerful is this "Armenian Lobby?" It cannot compete with incessant Turkish propaganda on the national and international level because Armenians are considered unimportant.

BARBARA STORM Wilrijk, Belgium.

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# SAUDI ARABIAN NATIONAL GUARD

#### PUBLIC TENDER ANNOUNCEMENT FOR THE MANAGEMENT AND OPERATION OF THE NATIONAL GUARD KING KHALID HOSPITAL, JEDDAH

The Saudi Arabian National Guard Western Region Headquarters announces the tender of a three (3) year project for the management, operation and maintenance of the National Guard King Khalid Hospital in Jeddah, Kingdom of Saudi Arabia effective from 24th June 1993 at a starting operational capacity of about 400 beds and up to 500 beds during the period of the

Accordingly, the National Guard invites duly qualified tenderers to submit documents and certificates establishing that they meet the following requirements:

Experience in the management and operation of hospitals of a total operational capacity not less than 2500 beds during the last ten (10) years preceding this announcement. Experience during the most recent past four (4) years must include operation and management of a tertiary care hospital facility having at least 300 operational beds.

2. Execution of similar projects one of which at a value not less than SR. 500M during a period of no more than three (3) years.

Capability to recruit medical and non-medical staff from multi-staffing sources worldwide. 4. Main office should have duly qualified and competent personnel to undertake on-going

management, support and mobilization functions. 5. Existing relations and capability to make arrangements and have links with a number of

educational hospitals and medical institutions of extensive worldwide reputation.

In addition, tenderers shall submit documents to establish the following: Type of company/business enclosing a copy of Memorandum of Association.

2. Financial status for the last three (3) fiscal years. Commercial registration and licence for Hospital management. Saudi Arabian firms shall

also submit copies of certificate of Chamber of Commerce. . Legal status of the firm enclosing copy of organization chart and a listing of members of the Board of Directors and senior staff and an enumeration of their numbers, qualification,

experience and nationality. 5. Saudi and foreign firms which intend to submit joint tender should form and register a joint venture company each with a share of not less than 25% of the value of the joint venture

Documents and certificates required hereabove should be authenticated by the appropriate local competent authorities and Saudi Embassy or Consulate overseas.

Documents shall be submitted no later than Monday 30/11/1412 (June 1, 1992) to the following address.

> Supervision Office National Guard King Khalid Hospital P.O. Box 9515, Jeddah 21423 Telephone: 665 6200 Ext. 1662/1683 **Facsimile: 665 0446**

Tender documents for this project are available for purchase by firms which meet the requirements mentioned hereinabove at a non-refundable cost of SR. 150,000 per set as from Saturday 18/1/1413 (18/7/1992) through Sunday 26/1/1413 (26/7/1992) from the Supervision Office at the National Guard King Khalid Hospital on the above address.

Bids shall be submitted to the Supervision Office of the King Khalid Hospital at the above address subject to the instructions contained in the tender conditions and specifications not later than 10.00 am. Saturday 10th October 1992.

Bids will be opened at 11.00 am. on the same date and place in the presence of the tenderers' representatives.

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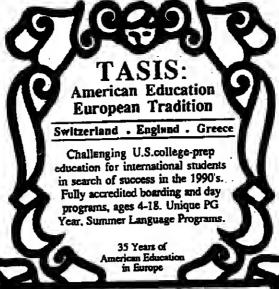
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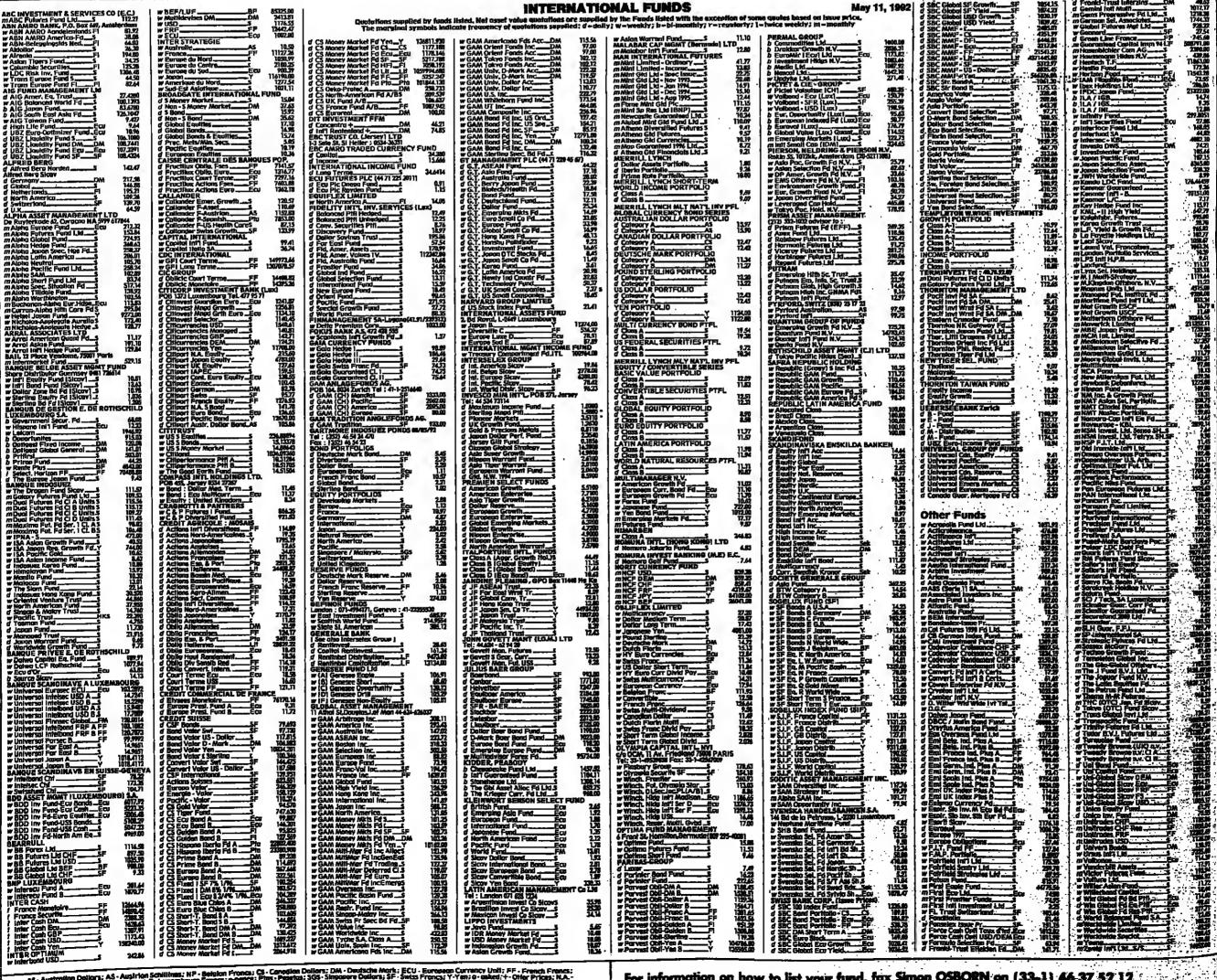
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The Natural Choi

In less than seven years, for the first time in history, Europe will be demarcated not by static political frontiers but rather by a single currency, the mobile economy it will create, and the European Central Bank, which will preside over both. At the forefront of European centers working to help create a single European economy is Frankfurt. For 40 years Europe's international business specialist, the city is now applying its expertise to capitalizing on the capacities of the New Europe that up to now



## City Well Qualified To Be ECB Site

City fathers view them as promising sources of additional tax revenues and prestige. City residents generally see them as competitors for scarce parking spaces, apartments and airplane seats. All dub them the "Eurocracy" organizations created by the EC and set up in a European capital.

The location of the newest institution — the European Central Bank (ECB) — has yet to be decided, but Frankfurt is already a leading candidate. To meet their service and technical needs or to repre-

sent national interests, most Eurocracies spawn entou-

Frankfurt already has the necessary work force and infrastructure

rages of member-country delegations, coordinating committees, corps of translators and technical staff, and journalists to cover all of this. Locals, watching this horde of Euroceats descending upon them, sometimes draw a simple, incorrect equation: new institutions mean new, expon-local personnel, new, expensive construction and an exacerbation of existing housing-cost and

Hithe FCB belief will probably have a stiff of 200 to 300 people, is established in Frankfurt, it would be an exception to this rule. Most ECB support staff would have already been working in the city, with all necessary infrastructure and telecommunications services already

Each of the 69 consulates and 33 foreign chambers of commerce and trade missions in the city are already. adequately staffed to handle new demands posed by the ECB, and the many translators and interpreters already in the city would welcome the extra work, especially in such low-demand languages as Greek and Portuguese. The several hundred lawyers and accountants in Frankfurt specializing in international finance could no doubt find time to handle an influx of clients.

No journalists, television reporters or data-transmission experts would have to be reassigned to Frankfurt: the 25 largest communication service companies in the world are already represented in the city. Frankfurt also serves as the headquarters for AP and Reuters in Germa-

Continued on Page 11

The city already boasts highly sophisticated business

This advertising section was produced in its entire-

ty by the supplements division of the International

Herald Tribune's advertising department. It was

written by Terry Swartzberg, a business journalist based in Munich. Support for this advertising section has come from Deutsche Bank AG, Deutsche Terminbörse GmbH, Flughafen AG, Frankfurter Wertpapierbörse AG, Hessischer Sparkassen- und Giroverband, Industrie- und Handelsbarger Frankfurt. Messe Frankfurt

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and telecommunications facilities.

## A Highly Mobile Business Community

Around 35,000 international executives live and work in or on the outskirts of Frankfurt. The area's 3,000 non-German industrial companies include Opel (a General Motors subsidiary) in Rüsselsheim, Du Pont and Hewlett-Packard in Bad Homburg, Procter & Gamble in Schwalbach, and Dow, Davy McKee, Nestlé and many others in Frankfurt itself.

Nor do multilingual, multicultural businesspeople work only for the city's non-German companies. Many of Frankfurt's leading enterprises — Metall-gesellschaft, Degussa, Hoechst and Deutsche Bank -- have created fasttrack promotion programs

for foreign executives.
That is wby there is no single socially or geographically coherent international business community per se in Frankfurt.

According to Thomas T. Krauss, head of the Frankfurt-based American Chamber of Commerce in Germany, there is not even one particular watering hole for foreign business people. "I live in the Taunus mountains, in Kronberg. Like many other people, I tend to spend most of my leisure time in my particular communisays Mr. Krauss,

which of course has a lot

to do with the fact that our

two children like the greenery and the space to run around in.

Most of the world's business centers feature a social dichotomy: a highly transient corps of international businesspeople and highly entrenched echeions of local executives protecting local interests.

"That Frankfurt is an open city," says Gabriele Eick, speaking of the permeable borders between

the local and international sectors in Frankfurt, "is due to its high degree of professional mobility, both for German and non-

German executives. Ms. Eick should know. She has gone from stints at the European subsidiaries of American multinationals (IBM and A.C. Nielsen) to guiding the city's international outreach at Wirtschaftsförderung Frankfurt, the city's business development agency.

#### Frankfurt Fact Sheet

Size: 249 square kilometers (96 square miles) Population: 634,142 Work force: 583,000 Commenters: 425,000 Communies: 35,400 GDP (1990): 67.3 billion Deutsche mades, of which: 28 percent manufactining . 72 percent trade and services How international is Frankfirst? Over one quarter of its residents hold a non-German passport. Half of all exhibitors and participants at Frankfurt's trade tairs come from outside Garmany.
Two-thirds of Frankfurt's 426 banks are

non-Genna. Source: Industrie- und Handelskammer Frankfurt am. Main. Wirtschoftsförderung

## Stock Exchanges in the '90s: Focus on Risk Management

Rüdiger von Rosen has been speaker of the board of managing directors of Frankfurter Wertpapierbörse AG, Frankfurt's stock exchange, since 1990, and executive vice chairman of the Federation of German Stock Exchanges since 1986. After earning a doctorate on self-regulating mechanisms in capital markets in 1973, he spent 13 years at the Bundesbank, where he served as both personal advisor to Karl Otto Pöhl and as head of the press and information department. He discusses the challenges Europe's stock exchanges now face.

EC commissioner Martin Bangemann recently stated that the single market was a reality in most business sectors, with the exception of investment markets. How far have we come toward creating a free, pan-European

market for financial goods and services?
In our area, some 80 percent of all measures required to "harmonize" Europe's national economies have been passed. Still on the EC's agenda are such important items as a directive on investment services. Our exchange is participating in the consultations involved in the formu-

the "Europass" for securities brokers. Another important measure to come is the directive on takeovers. Europe's national economies will soon have an accordance on what pension funds can invest in and on what restrictions should be placed on investments by insurance companies. The EC Commission is facing an incredible challenge - to make sure that all of Europe's various financial "playing fields" have the same opportunities, the same rules. That doesn't mean these fields will be uniform. Quite the opposite. It means each stock exchange, for instance, will be free to develop in its own way, to further its own mix of activities. This growing pluralism is why I don't foresee the creation of a single "Eurobourse" in the immediate future. I envision

lation of this directive, which will feature

a number of strong stock exchanges, each with its own focus and strengths, at least until we have a single European currency, and that will be in 1997 at the

Europe's electronic marketplaces are growing by leaps and bounds. In view of that, what kind of a future do Europe's individual stock exchanges have, especially the smaller and newer ones?

In Germany, through such electronic systems as the Integrated Stock Exchange Trading and Information System (IBIS), our various individual stock exchanges are being joined to give the country a single, contiguous capital market. Our planning no longer focuses on individual cities, but on Germany as a whole and on positioning the country to play a part in this new European or worldwide context. My assumption is that the institutional framework for such an exchange in Germany will largely be in place by the end of the year. To understand



"Openness and flexibility will definitely be a selling point for financial centers in the future."

the dynamics of stock exchanges, of course, you have to consider how long their individual histories are and how deep their ties are to their communities. Berlin's stock exchange is 370 years old; Frankfurt's exchange is 406

These stock exchanges are well-rooted parts of their communities, and it is consistent with human nature to try to preserve what one has had for so long, to try to keep

the local exchange in its present form. Stock exchanges have a high symbolic value, such as in Central and Eastern Europe, where they are viewed as harbingers of prosperity. Of the nearly 140 members of the Frankfurt stock exchange, more than half are foreign finance houses. No other stock exchange in the world has such a strong and influential foreign financial presence, and this translates into a strong non-German voice in the exchange and in the community as a whole.

What with EC directives, EC currencies and transnational business communities, is the era of Europe's profusion of national markets and local-based investment

finally coming to an end? One obstacle still standing in the way of truly international markets is the various national tax codes, and I expect that the day of "harmonized" tax codes will only come in Europe when we are gray and old. But, by and large, at least in Germany, we've gotten used to looking beyond our borders for places to invest our money. However, don't forget that the spread of internationalization implies a concurrent standardization of financial products and services. That means that local finance houses can provide the same things as others elsewhere,

removing the need for money to "travel." Openness and flexibility will definitely be a selling point for financial centers and finance houses in the future. Germany's universal banks provide good models in this regard, as does Frankfurt's stock exchange. The exchanges in London, New York and Frankfurt list roughly comparable numbers of shares and securities. The trading volumes, of course, differ widely. But in Frankfurt we have 600 non-German stocks; the number in New York amounts to somewhere around 120.

I think that as the products and availability become more and more standardized, the quality of technical services is going to play a more and more decisive role in determining which stock exchanges flourish. Take settlement. We in Frankfurt offer same-day settlement, a worldwide first. And these high-quality technical services have an important corollary: reduced risk for investors. The 1980s were the decade of secularization and globalization, the '90s are obviously the decade of risk management. The key questions we have to ask ourselves are these: are the technologies we've put in place, is the investment framework we've set up, are the trading opportunities we provide, competitive? If they are, we can face the great impending changes in Europe without any qualms or misgivings.

## The Taunus: A Suburb With a Life of Its Own

The Taunus is either a low ridge of mountains, a nature reserve of some 200,000 hectares (490,421 acres) or a preferred place to live, depending on whether you are a geologist, weekend hiker or international businessperson based in Frankfurt.

Each major metropolitan area has its exclusive suburbs, its "brokers' belt." somewhere on its genteel outskirts. New York has Fairfield County, Melbourne has Toorak. Each of these areas has basically the same history: beginning as a patch of unspoiled arcadia, it was "discovered" by artists and the very rich and final-

Only 20 minutes to city center

ly became the site of villas, expensive restaurants and lots of golf courses.

At first glance, the Taunus fits the mold. It has rows of tree-shaded villas with Deutsche Bank, Hoechst and Metallgesellschaft executives ensconced within them. And, like their peers elsewhere in the world's major financial centers, these executives get up every morning to commute to their towering places of work downtown. The only difference is that, in the Taunus, the commuting times are below average. You can get from Kronberg or König-stein to Frankfurt's center in 20 minutes or less.

The Taunus even has golf courses, including a public-access one (a rarity in Germany) in Bad Homhurg, and Kronberg's, reg-ularly ranked among the top in Germany, But, unlike its counterparts around the world, the Taunus is not merely a major city's exclusive suburb. Its 20-odd communities form a highly independent ser-vice center of their own.

Frankfurt's gleaming, high-tech suburbs come to an abrupt end and a range of green hills appears when one enters the Taunus. Perched on the hills are small, half-timbered cities, sweeping parks and, most strikingly, castles converted into sanatoria, royal hunting lodges converted into hotels and royal summer residences converted into museums.

"You have to remember," says Wolfgang Assmann, mayor of Bad Homburg, "that the Rhine-Main region is a relative newcomer to the scene. The Taunus was a thriving center seven centuries before Frankfurt was founded."

The Romans, who had a good eye for saluhrious climates and waters, built baths that are still in use at Schlangenbad. In the mil-lennia that followed, dozens of monarchs, from such dynasties as Hessen-Homburg and Nassau-Idstein, fortified the Tau-

nus's heights.

By the 18th century, many of their castles had been converted into casinos; gamhling was the craze in Europe, and Western Germany's needy principalities seized the

of Emperor Frederick III. To honor him, Victoria (daughter of Great Britain's Queen Victoria) built a palace. Friedrichshof, and turned it into a center for the arts and a museum. She also restored medieval churches and palaces in the area and donated funds for libraries and hospitals.

The pictures Victoria collected and painted (the empress was an avid artist) are still displayed in Friedrichshof, now reincarnated as the Schlosshotel Kronberg, where Ameri-can presidents, British prime ministers and other heads of state have stayed.

Today, the Taunus is busy providing a new kind of service. An increasing number of companies, following the lead of such



opportunity to cash in on this opportunity. In the 19th century, city-bound artists moved to the area in search of natural beauty. They were soon joined at Bad Homburg, Kronberg and other colonies by others seeking a summertime refuge from the sweltering metropolises along the Rhine and Main rivers.

Many of these late-19th-century summer visitors decided to make the home. One of these was the dowager empress of Germany, Victoria, widow

Braun AG (manufacturer of small appliances and personal-care products), are setting up their headquarters in the region. Jacques Lagarde, Braun's chairman, could be the

prototype of the new

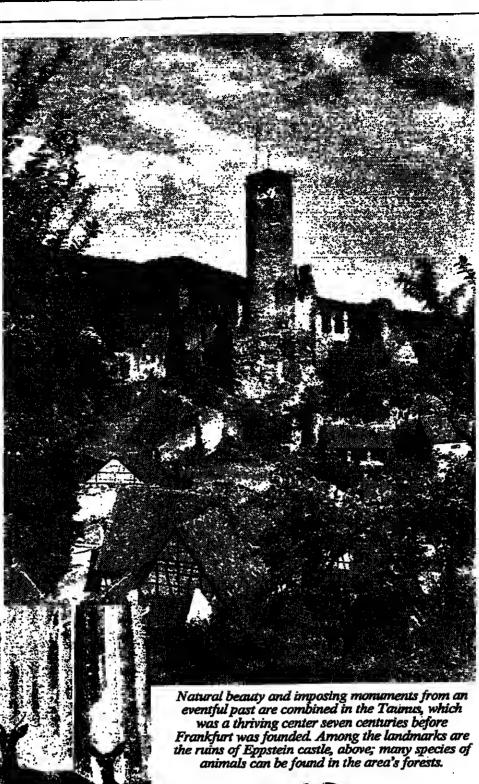
hreed of Taunus executive.

French-born, educated in

both France and America, Mr. Lagarde has worked in the United Kingdom, France and America. He kilometers (3.1 miles) from Kronberg, "20 minutes to Frankfurt's airport, 20 he puts it.

The presence of such companies as Deutsche Leasing AG (Germany's leader), according to Mr. Assmann, has allowed a number of local communities to become "net employers" - that is, more people commute to work there in the Taunus than to Frankfurt itself.

"Advertising agencies seem especially attracted Assmann. "They seem to need a bit of greenery





## A Day in the Life Of the ECB

Decisions taken this year about economic and monetary union will change the way Europe manages its money, but how? The following hypothetical press conference, set in 2002, was put together based on discussions with leading bankers and officials in Frankfurt.

First the photographers were let in. They dutifully took snapshots of the empty chair, the 11th to be placed at the European Central Bank table of gov-ernors. Then the 11- national bank presidents, including the new member from Portugal, filed in and got on with their business.

After eight years of membership in the Euro-pean Monetary System (EMS) currency mechanism and two in "provisional admission" status, the Portuguese were mostly feeling a sense of belat-ed relief at finally having fulfilled all of the unbending convergence criteria for membership in the European System of Central Banks (ESCB).

There was quite a bit of other news on this sunny Friday in early May 2002. First, the revelation that the EC's inflation rate had reached its limit of .75 percent above or below the community average of 2.5 percent, with Ireland at the high end and Belgium at the low end. Banking on the ECB's favoring openmarket operations, speculators rushed into Irish government paper. Hungary and the CSFR (Czechoslovakia) had brought to six the number of countries that had linked their currencies to

the ECU. As usual on any first Friday of the month, the money supply figures were a high point of the weekly ECB press conference. Narrow-band European M1 growth (cash in hand) came in at the high end of the 2.5 percent to 6.5 percent target; broad band European M2 (cash in hand plus short-term debts) was over the limit at 7.3 percent. Experts, however, had already discounted the higher figure as "the last gasp of the ripple effect." Most medium-term floating-rate Eurobonds issued in the midand late 1990s had carried automatic new-ECU

"basement" conversion warrants. The drop in the Frankfurt Inter-Bank Offering Rate (FIBOR) below 3 percent had triggered the warrants. Another topic discussed

at the meeting was a report by one of the 70 staff economists at the ECB, entitled Quantifiable Factors Influencing EC-non-EC Capital Flows." The study had taken stock of the cumulative impact of post-1992 EC accounting and reporting regulations, and of the Ecu, on Europe's capital markets. Its conclusion was that harmonization and standardization, plns a single corrency, had achieved one very predictable effect: Transnational, inter-ECB-bloc capital procure ment costs had been reduced by up to 33 percent. An unexpected side effect: the rate of net discretionary capital transfers from the last few offshore countries in Europe to the ECB bloc was still accelerating and would soon peak, to fall sharply in autumn.

The size of the offshore pool was a welcome windfall to those calculating Europe's aggregate wealth, High inter-bloc transfer costs were offsetting taxavoidance benefits and were thus drying up the offshore financial para-

The press conference ended with a round of questions. "What's the Eurofed's position on the schedules for pollution-added taxes?" Which city would the bank favor — Amsterdam, London or Paris - for the seat of the Eurobourse?" - What about assigning national defense budgets to the EC as a first step toward economic union?"
As she did every Friday,

the EC spokesperson pointed to the sign hung over the conference room's door. It read: "Frankfurt is firm: a very limited supply of money and absolutely no politics."

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## Multicultural Metropolis Includes an English-Language Theater

Frankfurt is Germany's most international city and has been so for quite some time. Over a quarter of its residents hold a non-German passport, and only a sixth of the total population was born in the city.

Frankfurt's incredible profusion of Japanese schools, Sicilian commedia della'arte troupes and Dutch painting circles are evidence of its multicultur-

This cultural pluralism is not restricted to adults, however. Frankfurt now has three English-language schools (the Frankfurt International School in Oberursel and two Montessori schools), and a fourth is planned. There are also Japanese. French and Korean language schools, Coptic, Russian Orthodox and Anglican churches, five different Islamic religious institutions, dozens of non-German bookstores and other

services for foreigners. For non-German mothers, the most important one could very well be the loftily entitled "Verein zur Förderung der Kinderbe-treuung." This so-called "association for the promotion of child care" is actually a multilanguage

bahysitting service. One of the most striking examples of the city's international character is its English Theater, currently the object of nearly universal praise. "The place to go to cap the perfect day in Frankfurt," says Gabriele Eick, chairman of the managing board of Wirt-schaftsförderung Frankfurt, the city's husiness de-

velopment agency.

Ms. Eick is not alone in her opinion. The theater is a sell-out, which is gratify-

The Old Opera is one of the city's most prominent venues for cultural events.

ing for Judith Rosenbauer, its founder and managing speakers. In 1990, the theater director, who has the arduous responsibility of find-ing the funds to support an

tions-a-year schedule. In creating the theater 13 years ago, Ms. Rosenhauer reasoned that this highly international city, in which learning a foreign language starts with English and French lessons for kindergartners, would support serious theater in a language other than German. With the belp of several associates, she took an English-language theater group performing in Frankfurt's Sachsenhausen district and remolded

ambitious, four-produc-

it into the English Theater. In 1981, the theater moved to its second home in the city's lively Bockenheim district. Space was a problem — the new theater had only 80 seats hnt interest was not. Frankfurt's large foreign

community liked the language and the profession-alism of the productions, and German residents appreciated seeing English works performed by native

moved to its current location, a resplendent Art Deco venue in the Kaiserstrasse. The new theater seats 260 and features a congenial watering hole, Judith's Place.

For the Kaiserstrasse, located in the Bahnhofsviertel (train station quarter), the arrival of the English Theater and, at about the same time, of dozens of good ethnic restaurants, is turning a former redlight district into one of the city's most stylish and popular neighborhoods. Ms. Rosenbauer's work "makes clear how much our [German] culture stems from and is sustained by those of our neighbors," says Walter Wallmann, former prime minister of Hesse.

The English Theater is one prominent example of Frankfurt's multicultural

style. Other examples are the Tigerpalast, which offers vaudeville, that old staple of pre-television America, with performers from a dozen countries, and the Frankfurt Ballet, whose choreographer and artistic director is William Forsythe, an American. On the non-arts front, the city's American-style Galaxy football team is now ranked second in the



Gabriele Eick, chairman of the managing board of Wirtschaftsförderung Frankfurt

## The DTB Goes European

"Creating a Europe-wide trading floor" is how Jörg Franke describes the DTB's next phase of operations. This plan might sound ambitious, especially when one realizes that the DTB — the Deutsche Terminbörse (German Options and Futures Exchange) — has only been in existence for a little more than two years.

Since it started husiness on January 26, 1990, DTB has, however, reportedly managed to become Europe's largest options mar-

The exchange, which is led by Mr. Franke, a 22year veteran of international finance, now has seven highly successful products. Its DAX (Deutscher Aktienindex - comparable to NYSE's Dow Jones average) option, for instance, has beby DTB. come the exchange's "best-seller" during the option's nine months of existence, and now ac-

counts for one-third of total turnover. More than 120,000 options and futures contracts are now traded on an average day DTB was founded to

deal with a very concrete problem: without an exchange of its own, Frank1DTB/Deutsche Terminböre Schneibutever MZ DEW 6000 Frankfurt in Main P 4:12(069) 15203-9 Fat (069) 15303-310

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furt (and Germany) was losing business to London and other international centers. In typical Frankfurt style, the DTB has used its computerized quotation facilities to create "a nationwide trading floor." The resulting liquidity and high-quality technical ser-vices have not only suceccded in redirecting German investment in futures and options back to Germany, but have also succeeded in including foreign players to make Germany a base of opera-

tions. Today, 30 percent of DTB's 75 members are non-German. Their ranks include some of Europe's leading finance houses, whose home computer facilities will soon go on-line with the DIB's central computers, giving the exchange the extensive international presence referred

to by Mr. Franke. For Frankfurt, the emergence of this vigorous young exchange has re-moved the last shreds of the "long on investment power, short on sophisticated instrumentalities" tag once pinned on the

ADVERTISING SECTION

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at the meeting was a repon by one of the 70 staff con-Ouanufiable Factors In fluencing EC-non-EC Capital Flows. The study had taken stock of the or mulative impact of pos-1992 EC accounting and reporting regulations, and of the Ecu, on Europe; capital markets. Its conclusion was that harmoni. Zation and standardization, p.e.s a single currency, had achieved one very predictable e

feet: Transnational, inter-ECB-ploc capital procure ment costs had been reduced by up to 33 per cent. An unexpected site effect: the rate of net discretionary capital transfers from the last few off. shore countries in Europe to the ECB bloc was so accelerating and would soon pear to fall sharply in autumn.

The size of the offshore pool was a welcome wind fall to those calculating Europe's aggregate weak High inter-bloc transfe costs were offsetting to avoidance benefits and were thus drying up the offshore financial pan-

The press conference ended with a round of guestions. "What's the Eurofed's position on the schedules for pollution added taxes. Which dip would the nank favor -Amsterdam. London or Pages - for the seat of the Furnhourse" "What about assigning national defense budgets to the EC as a first step toward co-

nomic union?" As she did every Friday, the EC snokesperson pointed to the sign but ever the conference room? door it read: "Frankfut is firm, a very limited up ply of money and absolutely no politics."

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computers giving the archange the extensive introduced national presence referred

to by Mr. Franke. For Frankfurt. emergence of this vigorous young exchange has removed the last shreds d the long on investment power, short on sophist ested instrumentalities tag once pinned on the

ADVERTISING SECTION

## European Central Bank Must Focus on Controlling Inflation

Hilmar Kopper is speaker of the board of managing directors of Deutsche Bank AG, Germany's largest bank Born in 1935, Mr. Kopper has spent his entire professional life at Deutsche Bank and its group associates. After postings in Düsseldorf, Leverkusen and Hamburg, he was named a general director of Deutsche Bank in 1975 and a member of the board of managing directors in 1977. He was named to his present position in December 1989, after the assassination of Alfred Herrhausen.

Senior Deutsche Bank executives have been advocates of a broader use of the Ecu in Germany's financial markets. What immediate future do you foresee for the Ecu? What impetus will the Ecu get from the advent of the second stage of European Monetary Union (EMU), set to start some 21 months from now?

Let's start with the Germans, who are suffering from a serious mental block when it comes to the Ecu: they simply don't like the name. When the man in the street hears the word "Ecu," he thinks of a brand of beer. So one of the first items for the immediate

broad base of popular support for the Ecu.
It's a completely different story as far as
the world's financial community goes. The Ben share of the Eurobond market has been developing rapidly. It reached 25 bil-fion Ecus in 1991, up from 11 billion Ecus in 1990. The Ecu has already become an important factor in the world's financial markets, and Deutsche Bank handles a substantial portion of Ecu-based transac-tions. There are, unfortunately, still some obstacles that prevent Frankfurt from be-coming a leading Ecu marketplace. The "hardened Ecu" (in which the interior rates of exchange and absolute percentages of the currencies making up the Ecu will be irrevocably set) is in the offing. It will be even more attractive to investors and borrowers. This greater acceptance could help the Ecu play an important

future is to overcome this and secure a

role among the world's currencies. Since managing the Ecn and setting interest rates and money supply targets will be the job of the European Central Bank, what functions will the Bundesbank and other national central banks have when the EMU as-

sumes its final form, presumably in 1999? We have to go back to Maastricht and the decision of the European Council to set up a European System of Central Banks (ESCB). This system is to comprise the new European Central Bank (ECB) and the national

Around 440,000 workers

commute to the city Monday

The airport's current upgrading is budgeted at 7 billion Deutsche

through Friday.

Honnevor

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central banks of the participating countries. At Maastricht, the ESCB was entrusted with wide-ranging responsibilities: to define the EC's monetary policy and to take measures to implement it, to carry out foreignexchange transactions, to manage the EC's currency reserves and to support the functioning of payment systems among member countries. The breadth and depth of these responsibilities were why Maastricht devised this tandem of ECB and national central banks. This sharing of responsibility is an expression of the EC's adherence to federalism, a federalism that is to be seen in the ECB's own structure. The presidents of the national central banks will be members of the European Central Bank's council, and will therefore have an essential voice in the decision-making process and thus in the EC's monetary policy. These policies will be implemented in open-market operations in the various EC countries. The success of these open-market operations will be predicated upon the existence of good, close working relationships between the ECB and the national central banks.

The day-to-day operations of the national central banks will change much less than is currently anticipated. What essential attributes will the ECB have to possess in order to gain the authority now accorded to, for example, the Bundesbank? How much supervision could the ECB have and still be an effective, independent

The authority of a central bank is never based exclusively on the legal mandate conferred upon it. A central bank's major operating capital is the confidence of the people it serves. This confidence accrues through positive



Stadtmitte

A Frankfurt

"A central bank's major operating capital is the confidence of the people it serves."

performance, through consistent policies, and both of these matters involve time. To win this trust, the ECB will have to be perceived as an effective, highly committed inflation fighter from the very outset. The Maastricht agreements have mapped out an institution with a fundamental freedom of action, one that can operate without interference by national governments or the EC. In its daily operations, the new ECB will be able to avail itself of monetary policy instruments that have proven their efficacy in Europe's various market economies. While this bank will be new, its overriding priority — price stability — will not be. This continuity in successful policy-making could be affirmed in the choice of a site for the bank's headquarters. For this reason, Frankfurt would be an ideal location for the bank.

Independence and accountability — and this should be emphasized — are not mutually exclusive. The ECB's accountability will take three forms. The ESCB will be brought into being only after it has been ratified by the parliaments of the individual member countries wishing to join. In addition, the ESCB's president will regularly appear before the European parliament to report on his bank's policies. And, of course, the general public will control the ESCB's activities.

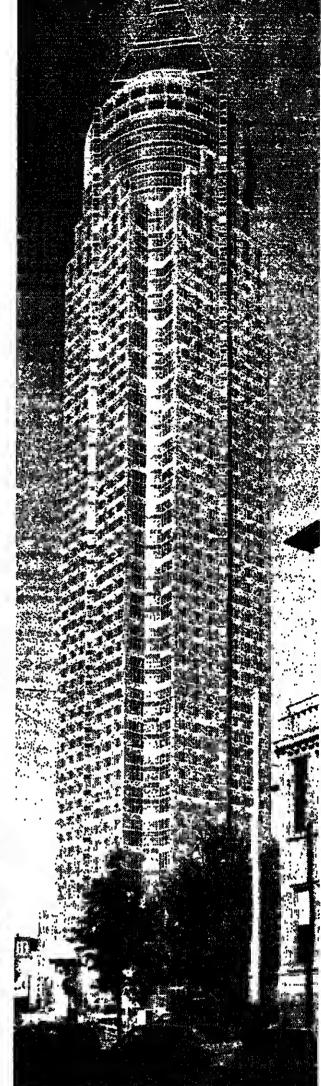
Are the open financial markets created by 1992's trade liberalization policies inducing convergence among the national economies, or are further measures required in this area? What role could the Ecu play in expediting the convergence process?

Europe's national economies have to converge. Only when this is the case will economic and monetary union in Europe be feasible. The treaty of Maastricht recognized this fact, established convergence as a prime requisite and set up four criteria to measure it (low rates of inflation, budget deficits that only make up a small percentage of national gross domestic products, small intra-country interest rate differentials and a two-year membership in the narrow band of the EMS's exchange rates) for countries applying for membership in the EMU. The single market will take hold in 1993. It will foster convergence by increasing the interdependence of the national economies. The Ecu, in my opinion, should not be relied on to expedite this process. Rather, a common European currency will be an outcome of this convergence. The Ecu can serve as a catalyst; it can strengthen the links between forces promoting monetary and fiscal discipline in the EC.

National central banks, national governments, regional politicians — never has the coalition opposing the ECB seemed so broad. Do you foresee a change in this situation, or can you discern a core of support for the

I'm not pessimistic concerning the support for the ECB. Obviously, the Maastricht agreement has set off a wave of emotions. This is especially true of the Germans, whose requited love relationship with the Deutsche mark is many years old. But reason, not emotions, will prevail. And reason says that the EMU is a major step toward the integration of Europe. I don't see stopping the integration process at the halfway point as being a viable alternative to proceeding full steam ahead toward a united Europe. You have to look at the process as a whole. The single market will set off a process of growth and unity in Europe, and Germany stands to be a prime beneficiary of that process, which will conclude with a single European currency and a central bank.

I am optimistic that the dimensions of this process will, in time, be appreciated by the general public - especially once they see how strong the ESCB's commitment to stability really is, that it is as strong as that of the German authorities to the Deutsche mark. This commitment has been, after all, written into the statutes setting up the



Frankfurt Messeturm, Europe's tallest office building.

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mus, 66 cinemas and 27

## Local Character and Global Ambitions

Andreas von Schoeler, 44, has been Frankfurt's mayor since May 1991. Mr. von Schoeler, an attorney, began his career in politics in 1972, when he was elected to the Bundestag (German federal parliament). Before becoming mayor, Mr. von Schoeler served several terms in the Bundestag, held several ministerial portfolios at the national, state and civic levels, and worked in the electronics industry. He discusses the city's pluralism and adaptability.

In the 1950s and early 1960s, Frankfurt was occupied with carrying out its new role as Germany's financial and communications center. In the 1970s and 1980s, Frankfurt increasingly became a base for the world's business community. What role do you see Frankfurt playing in

The '90s version of Frankfurt came into being through the move toward European integration, which was kicked off by the publication of the EC's White Book in 1985. Frankfurt's assets have been shaped by and embody

those of a united Europe: a central location within an integrated region, excellent transport connections, the potential of a united market with, in this case, 3.6 million people, a work force of 2 million and a GDP of 175 billion Deutsche marks (US\$108 bil-

The unification of Germany - another key event of the 1990s --- has given a new dimension to our central location. The more rapidly Eastern Europe and Eastern Germany progress with the revitalization of their economies, the more this aspect of our location will be an active advantage.

The signs of a decade of fast-paced growth are to be seen everywhere in Frank-furt and surrounding communities — the new office buildings, museums and leisure areas. What unfinished business does the city still have on its agenda?

A city is never finished. Businesses are always changing, and with them come new imperatives for the communities in which they are located. One example of the region's commitment to improving infrastructure is provided by [Frankfurt's] airport, which is currently investing 7 billion Deutsche marks in upgrading its facilities. The joining of the various urban and rural communities of the Rhine-Main region into one economic unit has left us with a highly diverse, very broad base made up of large and small, national and international companies. The skills used in weaving the region together - especially in the areas of providing public transportation, business development and education - are now being deployed on a larger scale. The federal government, the Bundes-bank and other members of Germany's banking and financial community have been working together to increase the competitiveness of Germany's financial goods and services. These joint efforts range from supporting the city's application to be the site of the European Central Bank to assuring an ample supply of office space for the city's financial community.

What changes has the Rhine-Main region been undergoing over the past few years? What is the relationship between the region and its lead city?

First of all, there's the geographic dimension. The region has expanded considerably over the past few years. In 1974, when the Greater Frankfurt Regional Development Authority was founded, it comprised 43 communities with a total area of 1,400 square kilometers



"Businesses are always changing and with them come new imperatives for the communities in which they are located."

(540.4 square miles) and a million and a half inhabitants. Today, the region includes some 3.6 million people and 7,500 square kilometers. Secondly, it's a region that has learned how to work together, of communities that have gotten past local rivalries to come together on a wide range of projects. This has been especially true during the last year or so. We've launched projects in the areas of housing, public transportation, water supply, waste dis-

posal and the providing of commercial sites. There's been a concentrated focus on Frankfurt as a 'global" city. Is it still possible to think local in this

of course. Frankfurt's population is a pluralism of local cultures; its topography is even more pluralistic, non-uniform. There's the central business district, and then we have neighborhoods that really still have something of the village about them. Each of these neighborhoods has its own identity and traditions; each has its

## Future ECB Site?

Continued from Page 9

ny. VWD, the leading German-language business information syndicate, is also located in the region. Frankfurt's 340 management consulting companies and 63 market research firms would stand to get a bit more work from clients wishing to have on-

the-scene appraisals of the "Eurofed's" future actions.
The prime beneficiaries of this lack of move-related upheaval would be the governors and staff mem-bers of the new bank. With over 3,000 foreign compa-nies and 280 foreign banks, Frankfurt is a specialist in making non-Germans feel at home. Even the city's multilanguage street signs do their part. Serving as an international center is nothing new to Frankfurt.

What would the ECB's main function be? Today. as for any international financial institution, the real work would consist of evaluating and processing reams of computer-relayed data. While Europe's politicians are busy wrangling over the ramifications of monetary union, the EC's information processing specialists, including new ECB executives, would have other concerns.

Europe's proposed ECB will act with and through national central banks, generating a tremendous two-way flow of data. Since monitoring the continent's economy is a complex and high-stakes task, high-capacity data transmission and telecommunication links will be required. In Frankfurt, ISDN and sophisticated

data-transmission systems are already in place, and the Bundesbank could help consult on the parameters required by such a two-tier system, which is similar to Germany's own federal

banking system.
It is widely assumed that the new central bank will have a simple presiding authority-client relationship with Europe's finance houses, the targets of the bank's monetary policies. European finance, however, is by no means a monoculture; each financial sector handles the credit needs of discrete business

communities. Many of Europe's major financial centers do exhibit a tilt toward national or sectoral activity, be it toward offshore transactions or serving large institution-al clients. "Local" banking - the community-based

financing of individual consumer and business needs - is often consigned to the provinces.

In Frankfurt, as Adolf Schmitt-Weigand, executive chairman of Hessische Sparkassen- und Giroverband (the association of Hessian savings banks) points out, there is full representation by the four main banking sectors: the public-sector credit houses (including the savings banks), the credit unions, private-sector universal banks, and foreign finan-

cial institutions. As Mr. Schmitt-Wiegand states, this little-understood pluralism, which has been the motor behind Frankfurt's rise, could provide the new central bank with a highly necessary sounding board.

## l **Addresses**

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Contandverband Frankfurt Greater Frankfurt Develop ment Authority

Tel.: (669) 25 77 251 Fax. (669) 25 77572 DIB's 75 members are non-German. Their ranks include some of Europe's leading linance houses whose home computer fr cuttes will soon so on-life with the DTB's count

Frankfurt's city hall, an example of the city's distinctive architecture.

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## BUSINESS/FINANCE

AFP-Extel News

AMSTERDAM — KLM Royal Dutch Airlines will use its links with Air UK and Air Littoral to boost capacity in the near future, leaving a possible resumption of cooperation talks with British Air-

ways to wait for several years, according to an

Peter Alberda van Ekenstein, KLM's vice president for finance and holdings, said the airline's goal of increasing its European market share to 10

percent from 2.6 percent in a decade would require

alliances, and the British Airways talks, which broke off in February, revealed many potential benefits of combining their operations.

He said the half year of negotiations showed the airlines had much in common, not least being the only large privately owned European carriers. "The synergy was immensely positive. Technically,

we could pimoint a number of the benefits clearly, though you don't know if the outcome will be the same," he said. "But we are not ready yet for such a

close cooperation," he said, while adding that "in several years, perhaps the situation will change."

On Sunday, KLM denied a published report that said it had been approached by American

Airlines about cooperation; American refused to comment on the article. KLM also denied that it

Mr. Alberda van Ekenstein said KLM was

pleased with its partnership with Northwest Air-lines, in which it holds a 20 percent stake. KLM wants to build its market with regional Eur-

opean flights feeding into Amsterdam's Schiphol airport as the international hub, Mr. Alberda van Ekenstein said. "We use the market of Air Littoral

had reopened cooperation talks with BA.

By William Drozdiak

regarded as some of France's rich-

est patrimony. In a nation of wine lovers, the Médoc is revered for its

properties bearing such names as Latour, Lafite and Margaux.

Keiichi Fujimoto wants to join their ranks, Undaunted by French

chanvinism, the Tokyo-born archi-

tect is seeking to transform the once-struggling Château Citran into a world-class winery.

Mr. Fujimoto, who is married to a Frenchwoman and has fived in

France for 22 years, five years ago led the growing rash of Japanese takeovers of important wine-pro-ducing properties in the Bordeaux

region. Even though the Romans first planted the vines here and the British developed claret's global

commerce, Japan's thrust at the heart of the French wine country

has generated a variety of reactions

willing to invest huge sums of mon-ey to revive dilapidated estates.

- from spasms of xenophobia to sighs of relief that somebody is

For centuries, France's most ven-

erated land parcels and winemaking

life have induced some château

TUESDAY, MAY 12, 1992

KLM Turns to Regional Ties

Air Littoral and Air UK Occupy BA's Place for Now

and Air UK to feed passengers into Schiphol."
But he said the airline did not cruisage a chain of
stakes in regional carriers. "It is an expensive way to
increase market share, as we have found out." Air
Littoral of France, in which KLM owns a 35 percent
stake, and Air UK, in which it has 14.9 percent, are

unprofitable, but Mr. Alberda van Ekenstein said

they are expected to turn around in two years.

He said that after a dip this year as passenger usage is built up, KLM's increased flights within Europe would substantially contribute to profit

next year. The advantage of expanding market share through increased capacity and fleet utiliza-tion is that it does not cost much money, he said.

KLM has forecast a "modest" net profit for the

year to March 31, compared with a year-earlier loss of 630.3 million guilders (\$340.3 million), including 300 million in restructuring provisions.

KLM also aims to boost profitability by a 900 million guilder cost-cutting plan for 1991-1993. Profitability would also be raised in the current financial year by a drop in fleet-renewal investment, to 500 million guilders, from about 1.2 billion last year though this will rise again to more than 1

year, though this will rise again to more than I billion in 1993-94. Mr. Alberda van Ekenstein said

Price competition on trans-Atlantic routes will intensify this summer, he predicted, but the phenomenon would be temporary because "the three major U.S. carriers cannot go on making large losses on the route indefinitely."

He said while KLM would be affected by this

competition, British Airways, Lufthansa German Airlines and Air France would feel it more, as their

home cities of London, Frankfurt and Paris, respec-

tively, are the primary trans-Atlantic destinations

#### **INTERNATIONAL STOCKS**

## More News Looks Like Good News in Budapest

By Henry Copeland Special to the Herald Tribune

UDAPEST — Last Monday, the Budapest Stock Exchange moved out of the rented room it had used for trading since opening day on June 19, 1990. While the old space had the dimensions and ambience of a locker room, the exchange's new floor is the size of a basketball court, and has marble floors, chandeliers, oak trim and a vaulted glass ceiling that befit Eastern Europe's first and largest stock market.

Despite a flurry of expectations, by the end of last week trading at the Budapest Stock Exchange was back to its normal pace: slow. During the week, an average day at the exchange saw 36 trades with a total value of 38.89 million forints (\$4.8 million).

The change of venue has not alleviated the market's basic problems — inexperienced domestic investors, high interest rates, a diminishing flow of new issues and a scarcity of trade-provoking information. But help is on the way. This

reporting will give traders something to chew on. month, companies will begin reporting financial results

Quarterly financial

quarterly. Brokers agree that the advent of quarterly results, whether good or bad news for the company making the releases, will be a positive development for the exchange. Budapest's exchange has 49 brokerage firms trading 21 stocks. With a capitalization of \$500 million. Budapest towers over its only East European competitor, the Warsaw Exchange, which has 12 stocks with a capitalization of \$132 million.

But, as Zoltan Egressy, a broker at OTP Securities, put it: "There is almost no financial reporting." Trading stocks here is "like playing poker without knowing what your cards are," he added. "Most Hungarian managers view information given to the public as somehow ruining the image of the company," said Gyorgy Jaksity, an analyst at Lupis brokerage. "But this is probably because most companies are in a bad situation. I think they would be overjoyed to tell us how they were doing if it was

N THE PAST, Hungarian companies were required to report only annual results, and had five months to release this data. but a new rule approved by the Budapest exchange will require companies traded there to release detailed financial data 30 days after the end of each quarter. A 15-day grace period was given for reporting results for the fourth quarter of 1991.

While the quarterly results will be unaudited, they will offer investors something other than rumor to chew on. This will be welcome news at the exchange, where total equity capitalization jumped from 19.3 billion forints at the beginning of 1991 to 40.5 billion forints at the end of the first quarter of 1992, but average daily trading slipped from 37 million to 35.2 million forints.

The BSE Index, which was created on Jan. 2, 1991 with a value of 1,000, closed at 880.26 on Monday. It has had a high of 1,227.09 in March 1991 and a low of 766.33 in December. The index is a weighted average of nine stocks.

Activity on the exchange has been characterized by floods of trading amid long droughts. According to the exchange, fully half the trading done in 1991 took place in just three months: March, July, and December. One-third of annual volume occurred on iust 17 days

Fotex Rt., which makes optical equipment and runs a chain of photo developers, and Styl Rt., which makes clothing for Western markets, accounted for 48 percent of the exchange's volume last year, and Mr. Jaksiry noted that they were among the few companies that were "good at releasing information."

Fotex's earnings more than doubled in 1991 and more growth will come from purchases of privatized state property, Mr. Jaksity said. Fotex shares closed Monday at 255 forms.

Styl, trading at 4,780 forints, is priced at six times projected 1992 earnings, said Attila Kiss of Creditanstalt Securities, and has more orders for clothes than it can sell. Unfortunately, the same is true for the company's shares.

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**INTEREST RATES** 

Tources: All Reuters except ECU; Lloyds Bank, Rates applicable to interbank deposits of \$1 militi

**Cey Money Rates** 

**CURRENCY RATES** 

Other Dollar Values

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Forward Rates

## **Delayed** in Denmark, Cost Rises

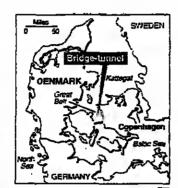
**Rail Tunnel** 

COPENHAGEN -- The stock of the Danish construction company Monberg & Thorsen Holding A/S rose Monday after a consortium it leads was given an extra year and a further 950 million kroner (\$150 million) to build rail tunnels under

the Great Belt waterway.

The twin rail tunnels, 7.4 kilometers (4.6 miles) long, are part of Denmark's largest construction project, a link that also includes two beidess across the Great Belt. two bridges across the Great Belt. The bridges and tunnels will link Zealand island, where Copenhagen is, with the European mainland via

The rail tunnels are now to cost 4.1 hillion kroner and to be completed in 1995. Before the agreement on extra funds from the state-run pro-



ject operator, announced over the weekend, the entire project was budgeted at 22.7 billion knoner.

Monberg & Thorsen holds 24 per-cent of the tunnel consortium, MT Group, which also includes Cam-penen Bernard and SOGEA of France, Dyckerhoff & Widmann AG of Germany and Kiewit Con-struction Co. of the United States. It had originally claimed 2.6 bil-lion kroner in compensation from the operator, Great Belt Link A/S, The consortium cited lengthy delays caused when the tunnels flooded last year, seriously damaging drilling equipment. MT Group said Great Belt Link's geological survey and testing were insufficient.

The claim was dropped as part of the weekend settlement.

The agreed payment from Great Belt Link includes 600 million kroner to cover extra safety installations, to limit the risk of flooding. Monberg & Thorsen Holding's

stock rose 40 kroner a share Monday, to 1,080. The company said it welcomed the deal and said the extra cash

would make up for losses on the project in 1991 and its estimate of

MT Group is locked in another tussie with the maker of its four boring machines, James Howden & taxes and the temptations of urban

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May 11

May 11

May 11

owners to surrender their heritage to the highest bidder,

Mr. Fujimoto Makes a Fine Médoc

CASTELNAU-EN-MEDOC. Stepping into the breach to snap France - The gnarled vines and up French estates have been Japa nese investors, eager to buy prestiancient châteaux that dominate this peninsula between the Atlantic gious properties abroad. Ocean and the river Gironde are

In the Medoc, Suntory, the world's fifth-largest beer and spirits maker, now controls the St. Ju-lien property of Château Lagrange.

The Tokyo-born architect has overseen the transformation of Château Citran.

Sanraku, a wine and spirits importer, has taken over Château Reysson, and the farm-machinery company Otani owns Châtean Lagarosse near Bordeaux.

The financial strength behind Mr. Fujimoto's ambitions comes from his patron, Sukagiro Itani, a property tycoon, who has poured tens of millions of dollars into upgrading the château.

Mr. Fujimoto's success in reverstion while defusing French anxiinto something of a guru for several Japanese businessmen eager to acquire French wine properties without arousing national sensitivities. than 2,000 years, and many different nationalities have passed through already."

Dividend Notice

ESPIRITO SANTO INVESTMENT MANAGEMENT

SICAV Luxembourg, 11, rue Aldringen

R.C. Luxembourg No 29386

At the Annual General Meeting held on April 30, 1992, the shareholders decided the payment of a dividend of ECU 5 per share of the compartment ECU Bond Fund, payable on or after May 15, 1992 to shareholders on record on April 30, 1992 against surrender of coupon N° 1. The shares will be quoted ex-dividend as from April 30, 1992.

Paying Agent: Kredietbank S.A. Luxembourgeoise 43, boulevard Royal, L-2955 Luxembourg

"Some French people still have a gnawing fear about a Japanese in-vasion, that their precious châteaux will be packed up and transplanted abroad," Mr. Fujimoto said during an interview. "So we have to reassure them through these big capital investments that we just want to make the best possible wine."

French winemakers are astounded at the scale of the Japanese inment in Citran.

Mr. Fujimoto has torn up old vines and transformed the contours of the land to capture the best angle of the sun and improve irrigation. He has installed computerized fermentation vats and his oak barrels are toasted at different temperatures to impart a more complex flavor to the wine.

Since the Japanese took over Citran in 1987, production has grown to 600,000 bottles a year, making it the second-largest producer in the Medoc. As for quality, the wine crit-ic Robert M. Parker Jr. described Citran as "one of the bright shining stars" of the Haut-Medoc.

"We are creating a winery for the 21st century, and the beneficiaries will be our children," Mr. Fujimoto said. But I try to reassure my ing the vineyard's declining reputa- French friends that this does not mean that the Japanese presence Will necessari Wine has been made here for more

By order of the Board of Directors

## France to Hold **Spending Rise** To 3.5% in '93

PARIS - France will find extra cash for law and order, jobs and education in 1993, but total state spending will not be allowed to rise by more than 3.5 percent, a senior adviser to Prime Minister Pierre

Berégovoy said on Monday. Mr. Berégovoy was sending let-ters to his ministers Monday, informing them of the spending guidelines, the adviser said. This is the first stage in the procedure for drawing up the annual budget, which is normally completed in

September.
The official confirmed that the government was sticking to its forecast that inflation would be just 2.8 percent in 1993.

Mr. Beregovoy's proposals thus imply a modest increase in real spending in 1993, but the official stressed that ministerial budgets would be scrutinized and unnecessary spending cut.

Some ministries will be allowed to increase spending by more than the 3.5 percent to fund priority programs. There will be continued funding for job-creation schemes, more teachers will be recruited and there will be money to improve living conditions and law and order in the cities.

France recently launched a plan to provide jobs or vocational train-ing for its 900,000 long-term uncen-

The budget deficit will not be allowed to go above 2 percent of gross domestic product, be said, adding that it was too early to indicare the precise size of the deficit.

Mr. Beregovoy amounced soon after becoming prime minister last month that the 1932 deficit would be 135 billion francs (\$24.4 billion). or around 1.9 percent of GDP.

The original target written into the 1992 finance act was 89.9 bil-

lion francs, but, despite cost-cutting measures, that proved impossible to achieve because tax receipts were held back by a slowdown in economic activity.

The official said that there would be no tax increases in 1993, and no net increase in the number of state

In fact, reductions in corporate taxes and value-added tax are already planned that, along with the continuing effects of the economic slowdown, will dent government

The authorities remain optimistic that GDP growth will pick up to 2 percent or so this year, from 0.9 percent in 1991.

International organizations have been scaling back their 1992 forecasts, but the official noted that the French statistics office, INSEE, revised upward its forecast for growth to an annualized 2.5 percent in the first half of this year.

## Polish Bonds for Foreigners

WARSAW — Poland plans to sell three-year government bonds in August that will be open to foreign investors, Andrzej Olechowski, the caretaker finance minister, said Monday.

The issue of 7 trillion zlotys (\$511 million) worth of bonds will follow an issue in June of 8 trillion zlotys worth of one-year bonds that will be available only to Poles. Both issues will help finance Poland's budget deficit, expected to total 65 trillion zlotys. Foreign purchases of the bonds are likely to be restricted, officials

said; they did not elaborate. -The interest on the three-year bonds will be paid every three months in accordance with the interest fixed in the secondary market for 13-week Treasury bills in the period, plus a 10 percent margin. The interest on one-year bonds will be paid only on maturity and will equal yearly inflation plus a margin of 5 percent.

#### THIRD SHOW FOR COMPANY LOCATIONS AND LOCAL DEVELOPMENT



June 16 to June 18 1992 Parc des Expositions Hall 2-2 - Pone de Versuilles - Paris

Opening times: 9 am to 6.30 pm June 16 and June 18 9 am to 7.30 pm June 17

INDICATIVE PROGRAMME FOR SEMINARS AND DISCUSSIONS

**TUESDAY JUNE 16TH** 

9.30 am to 11.00 am

The Single Market: Year One for setting up in Europe 11.30 am to 12.45 pm Central and Eastern Europe: Opportunities and Difficulties

1.45 pm to 2.45 pm

Access to Brussels (subsidies and programmes)

Small and medium-size companies:

3\_15 pm to 4.30 pm: 5.00 pm to 6.00 pm: Company law and corporate taxation in Europe

DATAR Forum: European Prospects WEDNESDAY JUNE 17TH

European regional policies. Establishing industrial bases 9.00 am to 10.45 am 11.15 am to 1.15 pm

The 'new deal' in corporate real estate Establishing bases. International corporate developments in Europe 1.45 am to 3 pm

3.30 pm to 4.30 pm **DATAR Forum: Relocation** 

and industrial strategies BVA/L'ENTREPRISE survey. 5.30 pm to 6.30 pm

Prizewinning regions and towns THURSDAY JUNE 18TH

S'IMPLANTER/S.O.C.L.E.survey on 9.30 am to 11.00 am

criteria for corporate relocation 11.30 am to 12.45 pm

Development strategies for local authorities

Enterprise zones in Europe. 1.30 pm to 2.45 pm What are their advantages?

DATAR Forum : Local authorities 3.15 pm to 4.15 pm

as partners in regional planning Local development professionals 4.45 pm to 5.45 pm











PENTREPRISE

tion, please contact Aline Petit or Stephane De Pous STANCE ANTER 82 bd Haussmann 75008 Paris - FRANCE TELT: (33) (1) 42 94 06 10 - Fax : (33) (1) 42 94 94 59

## Swaps Market Enjoys 'Phenomenal Growth'

By Carl Gewirtz International Herald Tribune

The Bank for International Settlements stresses what it calls the "phenomenal growth" of swaps, the market in which institutions exchange future positions on interest rates, currencies or other assets.

The BIS's quarterly report (Page 17), released Monday, said swaps on rates and currencies not appearing on bank balance sheets amounted to 75 percent of the international assets of banks reporting to the

BIS, compared with around 25 percent six years ago. The expansion "is likely to continue," said the BIS, based in Basel, Switzerland.

Although the report did not give a value judgment about the trend, regulators have previously expressed some concern about the swap market's effect on the stability of the banking system.

Noting hour activity in futurest markets is displacing traditional.

Noting how activity in futures markets is displacing traditional forms of banking activity, the report said that the ratio of open positions in Eurodellar contracts to the outstanding dollar-denominated interference and traditional contracts to the outstanding dollar-denominated interference and traditional contracts to the outstanding dollar-denominated interference and the contracts to the outstanding dollar-denominated interference and the contract of the nated interbank assets of banks reporting to the BIS rose from less than 15 percent at the end of 1987 to 40 percent last year. The report noted that numover in the Euroyen contract "has

become nearly equal to the aggregate volume of transactions" in the Japanese money markets.

Banks are most present in interest-rate-related futures. They account for one-third of the activity in the three-month Eurodollar contract and two-thirds of the activity in the one-month Libor contract. The banks' share of longer-term interest-rate futures is estimated at below 20 percent and their activity in currency futures "is modest by comparison with their over-the-counter trading in foreign exchange," the BIS said.

The study, noting that trading in derivatives had in many instances exceeded that in the underlying cash markets, concluded that "derivatives and the changes in trading practices which they entail may alter the nature and uses of the markets for underlying instruments."

## BusinessWeek

This week's topics:

O An Interview With Helmut Kohl

O America's Urban Economic Crisis

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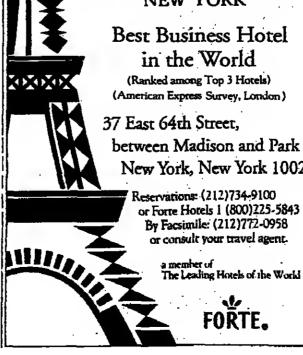
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O Takeover Fever Hits Europe

O Surprise! IBM Really Does Look New O Crackdown On Taiwan's Software Pirates

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# Wall Street Surges On Rate-Cut Hopes

stocks bounded to a record Mon- Britain's FT-SE 100 closed at a new day, helped by gains on overseas high for a fourth straight session, equity markets, firm bond prices rising 12.10 to 2.737.80. and persistent talk of a credit easing. The Dow Jones industrial average

MARKET DIARY

#### N.Y. Stocks

close at its session high of 3,397.58 "What we will ultimatery uses a points, up 28.17, the Dow's 19th some Fed easing."

The Federal Reserve did not ease investors had hoped record for the year. Its previous clos-ing high was 3.378.13 on May 4.

ehange as investors showed caution ahead of producer-price inflation data Tuesday.

The yield oo the 30-year bond

Broad-hased and secondary shares also participated in the rally. Among NYSE issues, gainers topped losers by an 11-to-6 margin. The Nasdaq composite index rose 1.37 to 587.13.

Analysts said the easing could follow the Fed's Open Market Committee meeting on May 19.

IBM gained 4 to 93% after a published report highlighted the remewed battle being waged by larger personal computer companies on the same of the sa draw money out of stocks.

Analysts said a burst of confi-Nikkei 225-stock average rose

NEW YORK — U.S. blue-chip 232.14 points to 18,608.09, continuing a month-long recovery.

Monday's strength in U.S. stocks is not reflective of any economic rose steadily through the day to data that should push the market up at this point." said Joseph Barthel, director of investment strategy at Fahoestock & Co.

credit as many investors had hoped Volume was a quiet 150 million after the April jobs report last Fri-shares on the New York Stock Ex-day, which showed that nonfarm payrolls rose 126,000 and the unemployment rate fell to 7.2 percent from 7.3 percent. But an interest-

Clearly the bond market has been helpful here too." said Jack Conlon, managing director at Rothschild loc. "The market is anticipating a rate cut." rate cut is still expected soon.

"The perception is that with weak money supply, the Fed still has to do something," said Ned Collins, executive vice president in charge of U.S. equity trading at Daiwa Security. minor new high this week, but I'm stood at 7.89 percent, below the 8 not sure it means m percent level that is considered to Fed does something. not sure it means much unless the

Analysts said the easing could

rival discount elone makers. One of dence for Japanese equities set the these, Dell Computer, declined 44 tone at Wall Street's opening. The to 27% after announcing price cuts.

Nikkei 225-stock average rose (Reuters, Bloomberg)

## **Traders Turn Attention Away From the Dollar**

NEW YORK - The U.S. dollar ended lower Monday against key currencies as traders turned their attention to the Deutsche mark and the Canadian dollar. The dollar's low return com-

pared with that of European cur-

#### Foreign Exchange

rencies prompted dealers to lighten their dollar holdings, said Guy Pas-quier at Crédit Lyonnais in New

The Bank of Canada was seen throughout the session selling U.S. dollars to slow the Canadian dollar's decline following comments by the Canadian Finance Ministry calling for softer interest rates, traders said.

Lack of market-moving news slowed trading, they added. The U.S. unit closed at 1.2053 Canadian dollars, compared with

1.2029 at Friday's close. It also declined to 1.6384 DM, from 1.6440 Friday, and to 133.00 yen from 133,37. It rose slightly to 1.5255 Swiss francs from 1.5253,

from 5.5253 francs. The British pound ended at \$1.7947, up from

In the absence of fresh economic data, traders were looking ahead to Tuesday's report from the Labor Department on the U.S. Producer Price Index for April. In March, wholesale prices increased 0.2 per-

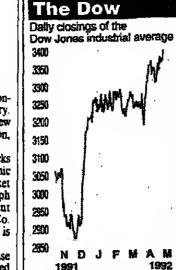
Forecasters are expecting prices to edge up to 0.3 percent, not enough to represent a near-term threat to inflation.

"This week's economic data will be strong enough to suggest an eco-nomic recovery but weak enough to raise doubts about its duration," said Trude Latimer, market strategist at Josephthal Lyon & Ross.

On Wednesday, the market will be watching the reports on retail sales for April and the Consumer Price Index for April.

In earlier London trading, the U.S. currency lost some ground. It was quoted at 1.6420 DM, down from 1.6445 Friday, and at 133.20 yen, slightly below 133.25.

The pound rose to \$1.792, from (UPI, Reuters)



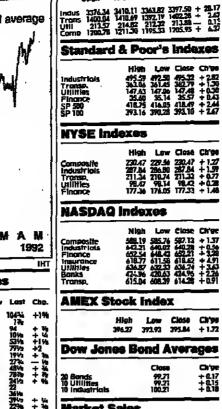
**NYSE Most Actives** 

**AMEX Most Actives** 

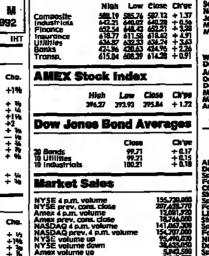
NYSE Diary

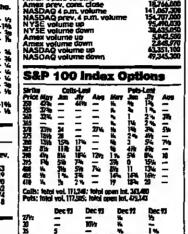
**Amex Diary** 

NASDAQ Diary



**Dow Jones Averages** 





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Saurce; CBOS	
services of in this no certain ju tional ffe cluding th do not a services o The Inter- no respon	offerings of securities, financial interests in real estate published inspaper are not authorized missischous in which the Internation Tribune is distributed, including the United States of America, and authorized to offerings of securities, interests in these jurisdictions, national Herald Tribune assumes sibility whatsoever for any adver-

## **EUROPEAN FUTURES** LONG GILT (LIFFE) 130,666 - pts & 32nds of 100 pcf Food The 99-01 99-19 99-21 Unch. Step 99-01 90-01 99-27 Unch. Est. volume: 18,250. Open Interest: 64,291. GERMAN GOVERNMENT SUND [LIFFE] DM 258,400 - pts of 100 pcf PRI MINETE EDICATA DE 28 905 215-20 213.00 211.00 202.00 202.20 202. 194.00 191.00 191.00 182.00 184. 196.00 N.T. N.T. 192.00 194. 194.00 N.T. N.T. 192.00 194. 17.30 87.12 87.22 + 0.07 17.52 87.25 87.47 + 0.07 ne: 44,457, Open Interest: 124,752 Stock Indexes COCOA (FOX) Sterling per me FTSE 100 (LIFFE) Sources: Reuters, Mattl. Associated Pres London Infl Financial Futures Exchang Infl Petroleum Exchange. Industrials per metric ton 70 60 679 428 449 700 701 701 656 524 723 724 701 656 524 723 724 724 724 722 678 722 724 724 725 726 779 780 779 775 735 780 800 N.T. N.T. 774 1. Soties 1,478. 1. Soties 2,478. Low Lost Settle U.S. dollars per metric ton-lots of 100 for May 180.25 179.59 180.00 180.00 Jun 180.25 179.25 179.75 170.75 170.75 180.00 180.00 180.00 180.00 179.75 179.75 179.75 180.00 180.00 180.25 181.25 181.25 181.25 180.00 184.25 182.75 184.77 185.75 180.75 BRENT CRUDE OIL (IPE) U.S. dollars per barrel-lots o N.Y.S.E. Odd-Lot Trading





REPORT Saturday in the

## General Dynamics Seals Missile Deal

FALLS CHURCH, Virginia (Combined Dispatches) — General Dynamics Corp. said Monday that it had agreed to sell its missile business to Hughes Aircraft Co., a unit of General Motors Corp., in a deal worth at

least \$450 million.

General Dynamics said it would receive 21.5 million GM Hughes class H common shares for its missile business through a public offering under GM's control. Shares not sold in the public offering will be reacquired from General Dynamics on Sept. 30, 1993. General Dynamics will receive a minimum of \$450 million for the shares. If the market value of the stock exceeds \$450 million at the time of the public offering or the reacquisition. by Hughes, the two companies will share the excess value

General Dynamics stock rose 12.5 cents to close at \$66.25 on the New York Stock Exchange.

The defense contractor said last week that it was in the "final stages" of negotiations with GM Hughes Electronics Corp., parent of the aircraft (Reuters, Bloomberg)

U.S. Banks Are Urged to Lend More

WASHINGTON (Combined Dispatches) — John E. Robson, deputy
Treasury secretary, urged U.S. banks on Monday to resume the lending
he said was necessary was ensure economic recovery.

"Frankly, it is time that the banks came out of hibernation and started
lending," Mr. Robson said at the New Hampshire Forum in Manchester.

The Treasury official said that despite government efforts to eliminate
the so-called credit crunch, some banks continued to invest their deposits
in safe government securities rather than make loans. "In my judgment,
that is not banking," he said.

Separately, Lawrence Lindsey, a Federal Reserve Board governor, said

Separately, Lawrence Lindsey, a Federal Reserve Board governor, said, that banks would have to take steps to reverse the perception that they discriminate against minorities in their lending practices.

Although most banks do not discriminate against minorities in their

lending, "the mere perception of unfarmess, not to mention its reality,"
may drive policymakers to take action," Mr. Lindsey said in an address to
the California Bankers Association in Long Beach, California.

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Capital Plas

#### Wal-Mart Net Rises on Strong Sales

BENTONVILLE, Arkansas (AFP) - Wal-Mart Stores Inc. said Monday its profit jumped 26 percent in the three months ended April 30, reflecting better-than-expected sates and tighter expense controls. The giant discount retailer recorded a net profit of \$386.9 million, or 34 cents a share, in the period, up from \$306.9 million, or 27 cents a share, in the year-earlier quarter. Sales climbed 26 percent, to \$11.6 billion, from \$9.3 billion a year earlier.

W. R. Grace to Sell Energy Holdings

BOCA RATON, Florida (Bloomberg) — W.R. Grace & Co. said Monday that it planned to sell off its energy businesses for \$700 million as part of a plan to divest \$1 billion of nonstrategic assets this year.

J.P. Bolduc, Grace's president, said at the company's annual meeting that the energy holdings were among 12 businesses the company planned to sell in 1992. Grace said it expected to sell its energy assets in a few weeks and use proceeds to reduce debt. weeks and use proceeds to reduce debt.

The company's energy holdings include Grace Energy Corp., Colowyo Coal Co., Homeo International, and Grace Offshore Co. The planned sale is part of Grace's strategy to focus on chemicals and health care.

#### For the Record

Morrison Knudsen Corp. said Monday that it had signed a joint venture agreement with Mongol Erdene, a Mongolian firm, to jointly develop a gold-mining property in Mongolia.

National Semiconductor Corp. said it would invest \$90 million to expand a factory in Greenock, Scotland, that specializes in manufacturing analog devices that are used for communications. Reveo D.S. Inc. said it expected to emerge from bankruptcy count protection on June 1 under a reorganization plan approved in April. (AP)

## Rate Move Hits Taiwan Stocks

Compiled by Our Staff From Dispatche

TAIPEI - Share prices plunged to a seven-month low Monday on the Taiwan Stock Exchange after a credit-tightening move by the central bank. The weighted index dropped 160.8 points, or 3.63 percent, to 4.268.17 points, its lowest level since Oct. 24.

The central bank raised its rediscount rate on Saturday by one-quarter

point, to 6.125 percent, in a bid to curb inflation.

Analysts predicted that Taiwan stocks would decline further. "There is nowhere to go but down," said Jack Wang, an analyst at Foremost Securities Investment, "and financial issues, which are heavily weighted in the index, will lead the way."

The stock index has been sliding since January because of political tension and a large number of new stock issues. (Reuters, Bloomberg)

## **U.S. FUTURES**

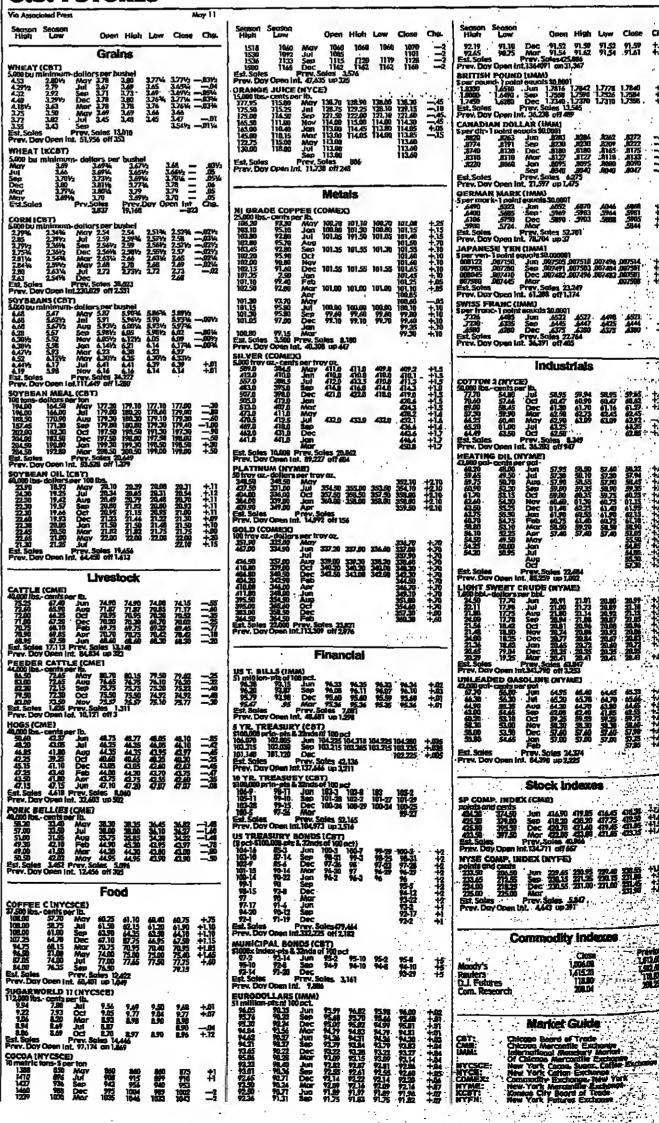
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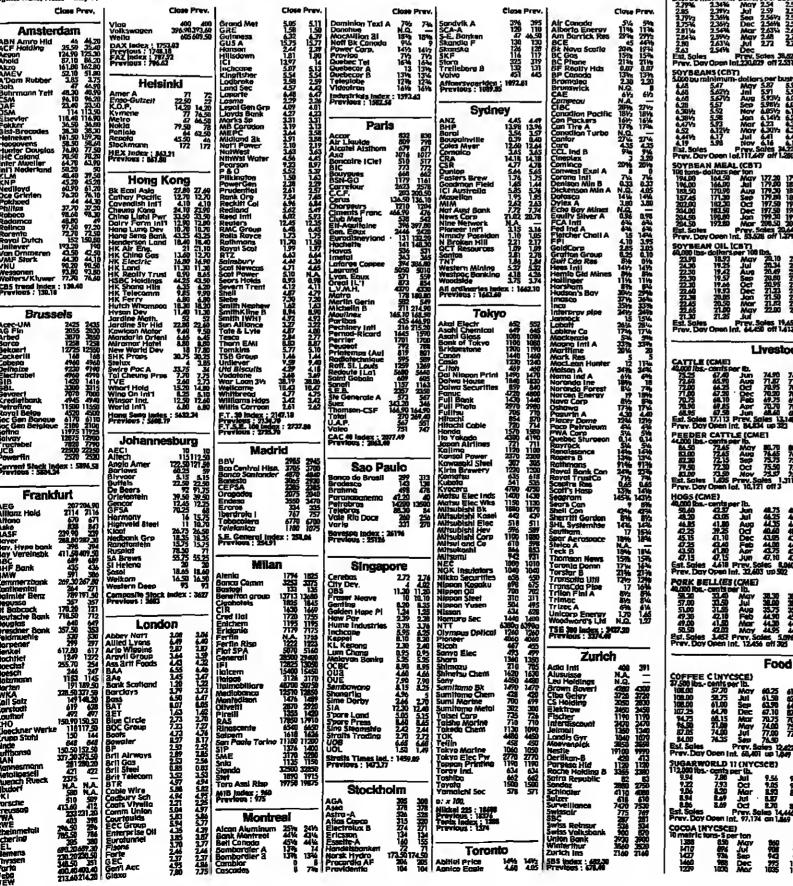
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Financial



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## **WORLD STOCK MARKETS**



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Sell Energy Holding

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sell off the energy businesses for 500 m

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Next Member that it had signed a journe raene, a Mone vian firm, to jointly be: たつかい エ

The company will ask share-holders to authorize the cre-ation of 200 million Deutsche expected to enter to from banknipage marks (\$120 million) of new s : companies and approved in April 8 capital at the July 3 annual meeting, the sources said, adding that Pirelli had already signaled its willingness to ap-prove the measure. Pirelli was

year, with the MIB index clos-ing at 963 points, down 1.03 some and Grace Offshore Co. The he ray to focus on chemicals and healther

Corp. said it would invest \$90 mag.

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last year. It also reported wider than expected losses for 1991 after the market closed on Friday. ar mile mile with make Economists said the rise in ex-

Pirelli Is Hit

Capital Plan

By Continental

MILAN - Shares in Pirelli

SpA plunged more than 4 per-cent. Monday amid reports

that the Italian tires and cables

company would subscribe to its share of Continental AG's

Shares of Pirelli, which

owns 40 percent of the rival

German tiremaker, closed

at 1.355 lire (\$1.10) on the Milan Stock Exchange, down from 1,420 Friday. The market

as a whole fell to a low for the

Sources on Continental's

sapervisory board were quoted Sunday as saying that

the company planned to raise

its capital to finance its re-

structuring program and the

acquisition of some technical

left holding the German stake after its failed bid to merge the

two companies' tire interests

percent.

units of Pirelli.

danned capital increase.

Midland Suitors: On the Defensive? of £845 million, ranking it among become prey for a European preda-LONDON - As Midland the world's top 15 banks.

the world's top 15 banks.

Lloyds is fighting the bid by
HSBC PLC, Hongkong Bank's to the government and disallowed and U.K. investors rejected the firmed its intention to pursue its rival bid for the bank. HSBC's friendly takeover bid for Midland Bank values the British bank at £3.4 billion.

Midland, Mr. Pearse said, "is a much better bank, very much bet- onnais as potential suitors. ter bank, for being with Hongkong Bank." He added: "Lloyds sees

view a Midland-HSBC merger with that very clearly" and "it doesn't a certain amount of fear," said analyst Jim Hyde at broker Williams de He also said Midland was not a He also said Midland was not a Broe. "This applies mainly to com-weak bank, adding that "it is per-petition in the Far East, where Gerfeetly capable of being an indepenman and Dutch banks see an area of

FRANKFURT - A sharp rise

in exports helped increase Germa-

ny's trade surplus in March, re-

flecting an upturn in global de-

mand and leading economists to

forecast a further strengthening of

The Federal Statistics Office said

Monday that the pan-German trade surplus more than doubled to

4.9 billion Deutsche marks (\$3.0

billion) in March, from 2.2 billion

surpassing the record of 62.5 bil-

lion DM set in October. Exports

Imports also rose in March, al-

though less than exports. March imports rose 8.9 percent to 58.03

billion DM from March last year

Only December 1991, when ex-

ports exceeded imports by 5.1 bil-

lion marks, had a greater trade sur-

plus. The Federal Statistics Office

has tracked pan-German trade

and 10 percent from February.

were up 15 percent.

the country's trade position.

future expansion." But analysts said Midland could

#### (Reuters, AFP) BTR Sells Its 4% Pilkington Stake

Compiled by Our Stuff From Disputches

LONDON — BTR PLC on Monday sold its shares in the glassmaker Pilkington PLC, acquired as a result of an unsuccessful takeover attempt in 1986, for a total of about £50 million (\$89.6 million), the conglomerate

Hong Kong bid you could get a

European bank coming into the

fray," said Hugh Pye, an analyst at

Analysts cited Banque Nationale

"Some of the big European banks

de Paris, Dresdner Bank, Dentsche

Bank, ABN Amro and Credit Ly-

Robert Fleming Securities.

said. One analyst suggested BTR had taken a loss on the sale. BTR said it sold its holding of about 31 million shares, which amounted to 4 percent of Pilkington's common stock, to the brokerage Barclays de Zoete Wedd. Earlier, traders said BZW had been placing 20

million of the shares at 162.5 pence a share. BTR paid an average price per share of between 170 and 180 pence, said Graham Foster, an analyst at Nomura Research Institute. Pilkington's stock closed down 5 pence Monday, at 158 pence, while BTR's rose (Reuters, Bloomberg)

German Trade Surplus Doubles

in the global economy and a taper-

ing-off in demand from Eastern

Germany. They said it foreshad-

The trade figures were very

owed a return to Germany's tradi-

good, especially the gain in exports," said Richard Reid, econo-

mist at UBS/Phillips & Drew in

Frankfurt. "It shows that Germany

is one of the countries that can

absorb an upturn in global de-

mand."

tional large trade surpluses.

## **Gorbachev Takes Tour** Of Capitalist Haunts

By Alison Mitchell New York Times Service

NEW YORK - Gone are the days when communist propaganda posters showed American financiers with pig snouts and Lenin

railed against the "bloodsucking leeches" of capitalism. Now, with the Markist-Leninist Soviet state defunct, Mikhail S. Gorbachev, its last leader, has been traveling the United States preaching that the world is evolving beyond capitalism and communism. But as he arrived here on Monday for the New York City portion of a fund-raising tour, Mr. Gorbachev seemed intent on

seeing all of the most glittering monuments of capitalism. During his three-day trip to New York, the former Soviet leader will attend the mogul-packed 75th anniversary party of Forbes magazine and visit the New York Stock Exchange, Pepsico Inc.'s world headquarters, and the Economic Club of New York, an

exclusive circle of business executives and financiers. The still-loyal socialist will be rubbing shoulders with Rockefellers and the chief executives of such U.S. business and financial giants as American Express Co., Salomon Brothers Inc., Bristol-Myers Squibb Co. and Paramount Communications Inc. He also is to have a private hreakfast at the Waldorf-Astoria sponsored by Henry Kissinger, And he will receive awards from the Hugh O'Brian Youth Foundation and Yeshiva University.

Some of Mr. Gorbachev's former countrymen said it was offensive to see the former Soviet leader getting contributions from Americans as he tries to raise \$3 million for the Gorbachev Foundation.

"I must live on food stamps and he goes to the bank with his dollars," said Tamara Andreyeva, 59, who emigrated two months ago from Gomel, one of the towns most contaminated by the 1986 Chernobyl ouclear accident. "We didn't come here like him to rob

America," she fumed. "We came with sick children." But Tatyana Gnatyshnyak. 31, who left Odessa three years ago. expressed sympathy for Mr. Gorbachev. "I think even he would prefer to live here, but he doesn't have such a possibility." she said.

## The Big 3 Swiss Banks Keep S&P's Top Rating

AFP Extel News

LONDON -- Standard & Poor's Corp. on Monday affirmed the AAA credit ratings of Swiss Bank Corp., Union Bank of Switzerland and Credit Suisse.

S&P said "unimpeachable credit quality" was helping the banks strengthen balance sheets, widen profit margins and attract "highquality international lending, foreign exchange and fund management opportunities."

## **EC Tells** Bull: 'Not So Fast'

BRUSSELS - Plans by the French state-controlled computer maker. Compagnie des Machines Bull, to proceed with a capital increase need advance approval from the EC Commission and have not yet gotten it, commission officials said on Monday.

The officials said the start of an official inquiry by the commission last July meant that the capital increase, intended to raise 2.08 hillion francs (\$376 million), and other fund-raising moves were suspended until the commission decided whether illegal state aid was involved. The commission, which is the European Community's executive body, can ban such payments.

The commission officials' comments followed Bull's announcement last week that the capital increase would go ahead this month.

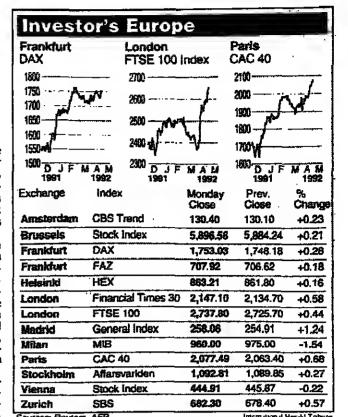
"The inquiry has a suspensive effect," said one EC official, who asked not to be identified.

The French state telecommuni-cations agency. France Télécom. and NEC Corp. of Japan have said they will subscribe to the share issue, according to Bull. The state involvement is what the commis sion is examining under EC rules.

On Monday, French newspapers said the government was getting tired of waiting for EC approva and that this was the reason for Bull's having said last week that the share issue would go ahead this

The EC commission, which can order the recovery of any money given if it judges it was illegal state aid, is investigating a three-part package that covers a total of 6.6 billion francs for Bull, a commission spokesman said.

A final decision oo the package would be made "within a reasonable time," he said. He declined to comment further.



#### Very briefly:

 Arjii SA said it would offer to buy out the minority shareholders in MMB SA as part of the Matra-Hachette restructuring announced May 5; but the price will out take into account the stock's gains since then.

• Pernod-Ricard SA said it expected improved earnings this year because of its strategy of internationalization, diversification and rationalization, and because of a steady improvement of the structure of its finances. . Britain's High Court has delayed until June 8 a decisioo on whether to

approve a settlement of claims against Bank of Credit & Commerce International offered by the collapsed bank's majority shareholder. Agip SpA, the Italian state oil company, said profit fell 21 percent last year, to 1.101 trillion lire (\$917 million), because of weak market

conditions and lower crude oil prices. . Klöckner & Co., a unit of VIAG AG, said it had taken a 60 percent stake in the Italian steel trader Metalpo SpA; terms were not disclosed.

. The National Bank of Romania said it would start to withdraw smalldenomination banknotes of 25 and 50 lei (1) and 22 cents) from

. Irish Rail, the national railway company, is negotiating to assemble

diesel locomotives designed by Tokyu Car Corp. in Ireland with the assistance of Mitsui & Co.

## DM in February, The rise was propelled by a 12 percent jump in exports from a year earlier, to a record level of 62,97 billion DM. Profit Up at Investor, Down at Saab

Germany's current-account bal- thought," he said.

ports reflected the gradual pickup ance, the broadest measure of

trade, remained in deficit, although

this narrowed sharply, to 300 mil-lion DM from a deficit of 6.4 bil-

lion in March 1991 and 1.9 billion

in February.
Mr. Reid said that the jump in

exports might also lead others to rethink their views that the Ger-

man economy has its hands full

with demand for the reconstruction

in as bad a shape as some had

"Clearly, German industry isn't

of Eastern Germany.

STOCKHOLM - Investor AB announced Mooday that its profit after net financial items more than quadrupled to 1.15 billion kronos (\$194 million) in the first quarter of 1992, from 258 million last year. The carmaker Saab-Scania AB, a subsidiary of Investor following its takeover last year, said its operating profit in the quarter dropped to 396 million kronor, from 422 million. Revenue slipped to 6.58 billion kronor,

Investor took over Forvaltnings AB Providentia in a merger of the two investment arms of the Wallenberg family industrial empire.

The profit comparison was estimated on a pro-forma basis for the two companies combined.

Finland's Metra Has Loss but Foresees Improvement

Compiled by Our Staff From Dispatches

HELSINKI - Metra Oy, the diversified industrial group formed last year through the merger of Oy Wartsila and Lohja Oy, said Monday that its pretax loss carrowed in the year ended Feb. 28.

The loss narrowed to 305 million markkaa (\$69 million) in the latest financial year, from 345 million markkaa a year earlier, on a pro forma basis. Ner sales increased to 9.83 bil-lion markkaa, from 8.88 billion.

The company also said that it expected better results in the current year. "The consolidated result after financial items will improve during the current period," it said.

The company said that in the latest year, "The result was adversely affected by the business downswing which was far more severe than forecast, especially in Finland."

"Metra's more international divisions," the company added, "for the most part improved their performance." It said the result was weighed down by oet

interest costs of 500 million markkaa, against 220 million for the previous financial year. Metra said its units Sanitec, maker of bathroom fixtures, and Wartsila Diesel, which makes diesel engines, both improved their (Reuters, AFX)

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## **LATIN AMERICA:** THE NEW ECONOMIC CLIMATE

July 21-22, 1992 Palace Hotel, Madrid

The objective of the fourth biennial Latin America conference is to detail the profound economic changes taking place in the region which are fostering renewed investor confidence. This major international gathering is cosponsored by the International Herald Tribune, the Inter-American Development Bank and the Corporacion Bancaria de Espana SA.

For program details, please contact Jane Blackmore at the International Herald Tribune in London. Tel: (44 71) 379 4302. Fax: (44 71) 836 0717.



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Herald Eribune

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Pres

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## India Tells Banks to **Aid Bourse**

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NEW DELHI - The Indian Finance Ministry has told state-run financial institutions to intervene to prevent stock markets from fall-ing further after the disclosure of dubicus loans to a leading Bombay broker, the Times of India newspaper said Monday.

The paper said the ministry wanted the market stabilized around the current level to prevent ranic among investors as the gov-comment probes allegations that senior members of state-run banks lent money to the broker, in viola-

tion of regulations.
The Bombay market's National Index closed at 1,528.65 Monday, down 98.27 points. Stock prices suffered a sharp fall at the end of April when news of the bank loans broke, dropping nearly 18 percent

in two days: india frequently uses state insti-utions to intervene on the counuvs 19 bourses.

The seport came as Finance Minister Manmohan Singh told Parliament that he had ordered a federal investigation into a \$230 million government securities scandal involving an influential broker and three national banks

The broker, Harshad Mehta, is accreed of siphoning money out of the government bond market to invest for personal gain on the stock market.

There is prima facie evidence of the banking system's failure and collusion between bank officials and some outsiders," the finance minister said.

Opposition members have alleged that up to 25 billion rupees (nearly \$1 billion) was involved in (Renters, AFX)

#### 2 Ex-Managers Of Sagawa Held in Scandal

Agence France-Presse TOKYO — Japan's biggest postwar scandal widened Monday with the disclosure that a major transportation group, Sagawa Kynbin, had provided 16 billion yea (\$120 million) more to a crime syndicate.

Two former top managers of the Sagawa Kynbin group were rearrested Monday on charges of breaching company trust as they provided the money in losins and losin guar-antees to companies linked to emesters from May 1990, po-

Also arrested was Munenobu Shoji, president of Hokusho Sangyo, a real estate develecond-largest crime group, lnagawa-kai, together with Hokato. Kaihatsu, who received the Sagawa money.

Hiroyasu Watanabe, former sident of Tokyo Sagawa Kyubin Co., and Jun Saotome, the company's former managing director, were arrested in February for giving question-able loans to the Inagawa-kai alfiliates and other firms.

## In Asia, a Need to Lure Oil Exploration

By Michael Richardson

International Herold Tribune SINGAPORE - Asian and Pacific comtries will become increasingly dependent on Middle East oil for economic growth unless new incentives are introduced to intensify the pace of exploration, Western oil company executives said Monday.

This is a critical time for the Asia-Pacific region to increase its indigenous supplies of oil and gas," said Alfred I. Boulos, senior director of exploration and production at Conoco Inc., a Houston-based subsidiary of Du Pont Co. He was speaking at an energy conference sponsored by the International Herald Tri-

bune and The Oil Daily. Rising local demand in major Asian oilproducing nations - particularly China and Indonesia - is expected to cut exports to other countries in the region to 1.5 million berrels per day by 1995 and to less than half this amount by the year 2000, from 2.2 mil-

lion barrels per day in 1990. Oil accounts for nearly half of commercial

increase to 64 percent by the end of the decade, from 48 percent in 1990, said Fereidun Fesharaki, director of resources programs at the East-West Center in Hawaii.

In terms of security of supply, the Asia-Pacific region is in a more precarious situation than the United States of Europe," he said. The Asia Pacific region contains around 47 ballion barrels of proven oil reserves, enough to last only 20 years at current production rates. The politically volatile Gulf provides about 70 percent of the oil imported by Asian and

more than 90 percent of imports from outside the region are likely to come from the Gulf. Countries in Asia and the Pacific are improving incentives for oil exploration. But

Pacific nations. But by the turn of the century.

energy consumption in Asia and the Pacific.

As industrialization spreads, the region's dependence on imported oil is projected to dependence on important projected oil is projected to dependence on important projected to dependence on important projected oil is projected to dependence on important projected oil is projected to dependence on important projected to dependence on important projected oil is projected to dependence on important projected to dependence on important projected to dependence of the dependen companies to recover costs out of output over a period of years. Remaining output is then divided with around 85 percent normally gome to the state and 15 percent to the company. But as the search for oil and gas moves into

deeper waters and remote areas that cost more to explore, companies want better terms. Duncan Clarke, managing partner of Global Pacific Pty., a petroleum consultancy in Sydney, said that about 2 billion barrels of oil had been discovered in the 1980s in Asian and Pacific countries. But the finds had not been exploited because it was not profitable to do so under existing tax regimes or with

available technology, he added. Vietnam, India, Indonesia, Thailand, Chi-Western companies say the pace of change is not fast enough at a time when the price of oil or have said they will soon do so.

Australia has introduced a sliding scale tax is low, risk capital is in short supply and there are attractive opportunities in Africa, the on oil production profits, after cost recovery.

#### Japan Banks Hold Key to Weak Yen Toshiba and GE

By Carl Gewirtz International Herald Tribune

PARIS - One of the big wonders in the foreignchange market is how the yen can be so soggy when Japan is running such a large international surplus. The answer, contained in the quarterly report of the Bank for International Settlements, published Monday, is that banks in Japan have been shoveling out money faster than industry can earn it.

For all of last year, banks in Japan repaid \$128 billion in short-term borrowings from the international market, the report shows. This huge capital outflow dwarfs last year's \$72.6 billion current-account surplus.

On a consolidated worldwide basis, Japanese banks reduced their borrowings by \$232 billion, far outpacing the \$190 billion decline in loans.

Under severe pressure to meet the new risk-weighted capital-adequacy ratios, which come into effect at the end of March for the Japanese, banks have been shrinking their balance sheets. But why the banks' borrowings, or liabilities, have been cut so much more sharply than loans, or assets, remains unclear.

The supposition is that foreign banks have been cutting credit lines to the Japanese in response to reports of financial weakness, and that, rather than pay a premium to borrow in the interbank market, the banks have used the yen proceeds of the subordinated

debt issues floated in the domestic market to pay back borrowings as they come due for renewal.

Data published last week by Japan shows the major trends continuing. The March current-account surpl of \$11.7 billion was a monthly record, as was the \$20.1 billion short-term capital outflow.

But Robert Feldman, an analyst at Salomon Brothers Inc. in Tokyo, sees this capital outflow, which has weighed down the yen, as soon ending.

"Of the \$256 billion in Japanese short-term net borrowings during 1984-89, \$178 billion has been repaid," he said. "At the March pace of repayment, only a few more months of short-term capital outflows

"Once the scope for further short-term outflows is exhausted, apward pressure on the yen is likely to intensify, unless Japanese investors suddenly acquire an increased taste for long-term foreign securities or foreigners sell long-term Japanese assets - oeither of which seems likely," be said.

Overall, the BIS said fourth-quarter lending by international banks rose \$304 billion, but more than two-thirds of the increase was due to valuation effects resulting from the depreciation of the dollar.

Banks in Germany were the only group to record a

## To Cooperate

Compiled by Our Staff From Dispatches TOKYO - Toshiba Corp. said Monday it had reached an agree-ment with General Electric Co. of the United States to jointly make advanced gas turbines used in pow-

The agreement covers beavy duty gas turbines expected to be used in next-generation combinedcycle power-generating systems, Toshiba said. Toshiba will combine GE-made components such as rotor assemblies with its own parts.

Mitsui Engineering & Shipbuilding Co. said it was seeking an additional license from Asea Brown Boveri AG to produce larger turbines for electric power generation. Mita major Japanese shipbuilder, will begin talks with ABB in the near future to renew an existing 10year agreement.

Mitsui is seeking a license to produce turbines for up to 300,000 kilo-(AFP, Reuters)

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## Deficit Bulge Hits Markets In Australia

Compiled by Our Staff From Dispatches SYDNEY — Australia forecast Monday that the budget deficit for this year and oext would be much larger than expected, sparking a sell-off in markets worried about

how the shortfall would be funded. Treasurer John Dawkins said the budget deficit forecast for the year to June 1992 had blown out to 9.3 billion Australian dollars (\$6.99 billioo), from the 6.8 billion dollar gap forecast previously. The re-vised figure amounts to 2.4 percent of gross domestie product, up from 1.8 percent

For 1992-93, the estimate was revised to 10.5 billion dollars, from 8.0 billion. The budget had a surplus of 1.9 billion dollars in 1990-91. Credit markets fell heavily on

Mr. Dawkins's statement, particularly 10-year bond futures, which lost 24 points, to a low of 90.67 cents, to yield 9.33 percent. The Australian dollar slid to 75 U.S. cents, from 75.25 at the opening. Economists said bonds, in a bullish phase after last week's one-point

cut in official interest rates - to 6.5 percent — were now unlikely to fall below the 9 percent yield barrier because of concerns about the oeed for a large debt-issuance program.

"We could get a bit of oervousness in the market about the size of the bond program," said Brett Allender, economist at Schroders erameot would have to issue around 16 billion dollars of bonds in 1992-93 and described that as "a buge burdle for our markets to digest," adding, "you are talking about 1.5 billion dollars a month."

Budget worries also hit the stock market, where the All Ordinaries iodex declined 1.5 points, to 1,662.1 Traders said stocks were likely to fall again Tuesday as the market digested the implications of the deficit revisions.

(Reuters, AFX, Bloomberg)

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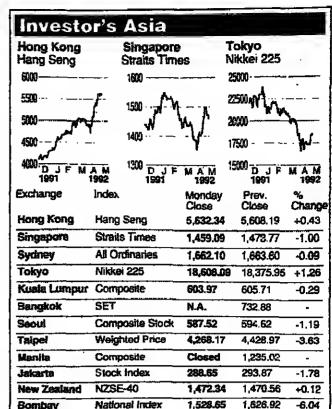
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#### Very briefly:

GEC Alsthom International SA, Mitsubishi Heavy Industries Ltd. and Siemens AG have been asked to submit new bids for a Scoul-to-Pusan high-speed train contract by a South Korean oversight committee.

 Lion Nathan Ltd.'s stock rose further on New Zealand's stock exchange closing 15 cents higher at 4.75 dollars (\$2.55) a share, after a presentation last week to Australian analysts and brokers.

Coca-Cola Co. has bought a 25 percent stake in a joint venture with Fraser & Neave Ltd. that will sell their soft drinks in Southeast Asia.

• NKK Corp., the Japanese steelmaker, said it had developed what it called the world's fastest masked read-only memory chips.

National Steel Corp. of the Philippines has delayed by a week, to June 11, an auction for 51 percent of National Development Co.'s stake in it. Nihon Unisys Ltd., beld 33 percent each by Unisys Corp. and Mitsui & Co., has bought Megatek Corp., a San Diego-based maker of computer graphics systems, from Sprint Corp. for an estimated \$4 million.

 Japan's Labor Ministry plans to lower companies' ceiling for overtime by at least 20 percent from the current limit of 15 bours a week, 50 hours a mooth or 450 bours a year.

AFP, AFX, Reuters, Bloombers

## Mieno Predicts Economic Gains in Japan

companies in Japan.
As a result, European companies

account for about 0.1 percent of total direct investment in Japan. But

Japanese companies represent 5 per-

Compiled by Our Staff From Dispatches

NAHA, Japan — The Japanese economy is in a difficult phase, with slowing domestic demand and a full-fledged inventory drawdown, but brighter times are ahead, the Bank of Japan governor, Yasushi Mieno, said Monday.

"Japan's economy is now in the most difficult adjustment period, although its future outlook is not totally black," Mr. Mieno said at a meeting of busi-He said the economy should sustain "growth with-out inflation" once the inventory drawdown ended,

which he predicted would occur this autumn.

Compiled by Our Staff From Dispatches

on Monday called for new measures

to increase European investment in

Japan, warning that the current im-balance in two-way flows could lead

A report by the European Business Community in Japan noted that investment by Japanese companies in Europe over the past eight

years was as much as 30 times high-

to political problems.

(in thousands of USS except per share data)

Cash dividends declared on common stock

Average common shares outstanding (in thousands):

Per common share

Net income: Primary Fully diluted TOKYO - European companies

ment among small to medium-sized service companies, which should be aided by the central bank's

recent credit-easing steps.

With commercial bank lending rates having already fallen to historically low levels, this should help pport demand for capital investment," be said. Mr. Mieno said there was limited scope for further declines in domestic interest rates, but he said the

central bank would be watching closely to see if the 17 Start of a quip current low rates rekindled land and stock speculation. 20 "Some Like It Referring to the recent increase in the politically sensitive current-account surplus, Mr. Micno said it was important that the yen stabilize to correct trade

Mr. Mieno cited several bright spots in the economy, such as housing investment and capital investyear ended in March, to \$90.08 billion. (Reuters, AFX) Europeans Call for More Investment in Japan

pan's legal profession.

**ACROSS** 1 Seating for the 5 Bushy hairdos

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16 Mushm 17 Start of a quip

31 Wasn't healthy 32 Seal school 21 Bucks' mates 35 Ouip: Part II

Solution to Puzzle of May 11



40 Golf course 41 Fashion 42 Surface for bowlers 43 Dark glasses

sustenance

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47 Monkey's

precedes a fall 55 Shaver

53 Bulbous vegetable 56 Beton Rouga campus: Abbr.

57 Séance sound

## REPUBLIC NEW YORK CORPORATION

**Consolidated Statements of Condition** 

	Marc	ch 31,	Liabilities and	Mar	ch 31,
Assets	1992	1991	Stockholders' Equity	1992	1991
	(In i	housands of US\$	except per share data)		
Cash and due from banks	\$ 336,511	\$ 325,471	Non-interest bearing deposits: In domestic offices	\$ 862,761	\$ 805,156
interest bearing deposits with banks	8,781,642	8,241,852	In foreign offices Interest bearing deposits:	106,872	228,048
Precious metals	412,443	246,186	In domestic offices	8,898,113	8,583,52
Investment securities	10,159,932	7,604,304	to foreign offices	10,320,093 20,187,839	8,645,933 20,262,660
Trading account assets	258,612	86,888	Short-term borrowings	3,271,344	1,558,461
Federal funds sold and	1		Acceptances outstanding	1,447,676	2,022,351
securities purchased under			Accrued interest payable  Due to factored clients	262,508 447,702	222,557 432,489
resale agreements	1,043,243	503,064	Other trabilities	681,743	493,573
Loans, net of unearned	8,281,380	8,636,040	Long-term debt	3,824,469	2,401,227
Allowance for possible loan losses	(233,674)	(236,393)	Stockholders' Equity Cumulative preferred stock, no pervalue 8,141,000 stares outstanding		
- Loans (net)	8,047,706	8,399,647	In 1992 and 691,250 in 1991	556,925	309,425
Customers' fiability on acceptances	1,441,818	2,018,833	Common stock, \$5 per value 150,000,000 stares authorized in 1992 and 50,000,000 in 1991; 52,019,176 stares		
Premises and equipment	373,242	383,664	outstanding in 1992 and 34,409,975 in 1991	260,096	172,050
Accrued interest receivable	304,739	331,171	Burplus	446,737	532,368
		510,818	Retained earnings	867,158	702,119
investment in affiliate	531,501		Total stockholders' equity	2,130,918	1,715,962
Other assets	562,810	<u>457,262</u>	Total tiablilties and		
Total assets	\$32,254,197	\$29,109,260	stockholders' equity	\$32,254,197	\$29,109,260
The portion of the investment in p	recious mateis not	hedged by forward	sales was \$4.6 million and \$13.8 million	in 1992 and 199	, respectively.
Summary of Results			:	Three n	nonths ended arch 31,

52,020 55,828 51,594 Republic New York Corporation
Fifth Avenue at 40th Street, New York, New York 10018
Member Federal Reserve System/Member Federal Deposit Insurance Corporation/Member New York Clearing House Association

Banking Locations

New York • Geneva • Tokyo • London • Zurch • Lugeno • Lucembourg • Peris • Monte Carlo • Gibratar

Nitian • Guernsay • Betut • Miami • Los Angeles • Beverly Hillis • Nassau • Cayman Islands • Montrest • Singapore
Hong Kong • Talpel • Jakarta • Montevicieo • Punta del Este • Buenos Alres • Sentiago • Madoo City • Caracas • Rio de Janeiro

#### SAFRA REPUBLIC HOLDINGS SA LUXEMBOURG



Consolidated Statements of Condition

	March 31,		Liabilities and	March 31,	
Assets	1992	1981	Shareholders' Equity	1992	1991
	(în t	housands of US\$	except per share data)		
Cash and due from banks Interest bearing deposits with banks	\$ 54,289 3,025,062 1,128	\$ 41,718 3,006,890 1,966	Client deposits	\$5,870,652 745,185 6,615,837 1,066,705 9,832 79,703	\$ 5,864,049 1,045,728 6,909,777 314,49 84,268
trivestment securities Trading account securities	4,399,473 5,323	3,845,931 2,756	Other liabilities	51,134	43,044 47,993
Loans, net of unearned income	1,202,815	1,307,060	Shareholders' Equity Common stock, US\$ 5 par value. 200,000,000 shares authorized, 17,831,012 issued:		
Loans (net)	(13,816) 1,188,799	(9,331) 1,297,729	17,700,482 shares cutstanding in 1992 and 17,798,337 in 1991	89,155 819,624 184,666	89,159 819,586 142,183
Customers' liability on acceptances	9,832		Less: 130,530 shares held in treasury in 1992 and		
Premises and equipment	55,908	48,130	32,075 in 1991, at cost	(6,560)	(1,396
Accrued interest receivable Other assets	96.638 73,646	123,345 80,639	Total shareholders' equity Total tiabilities and shareholders' equity	1,086,885 \$ 8,910,096	1,049,530 \$8,449,104
Total assets	\$8,910,096	\$ 8,449,104	Book value per share	\$ 61.40	\$ 58.9

Summary of Results (In thousanda of USS except per shere data)

1991

54,670

.97 .23%

51.587

13,004 \$ 12,043

1992

60,404

1.02

.25

Net income per common share Average common shares outstanding (in thousands)

1992 1991 22,636 \$ 19,505 1.28 \$ 1.10 17,733 17.799

Three months ended

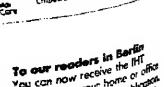
March 31.

Safra Republie Holdings S.A. 32, Boulevard Royal - 2449 Luxembourg - Tel. 4793 31 310 - Fax 4793 31 226 - Telex 3320 RNBNY LU

Wholly Owned Banking Subsidiaries

Republic National Bank of New York (Suisse) S.A.: Head office in Geneva and branches in Lugano, Zurich and Guernsey Representative office in Buenos Aires, Argentina Republic National Bank of New York (France): Head office in Paris and 1 branch in Paris and Monaco Republic National Bank of New York (Luxembourg) S.A.: Head office in Luxembourg Republic National Bank of New York (Guernsey) Ltd.: Head office in St. Peter Port, Guernsey

Republic National Bank of New York (Gibraltar) Ltd.: Head office in Gibraltar Republic New York Corporation owns 48.9% of Safra Republic Holdings SA, which is accounted for by the equity method. On a fully consolidated basis, total assets exceed US\$40 billion and total capital, including minority interest and subordinated debt, exceeds US\$4 billion.



MEM LOWS

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ery morning on the day of publication on the day of publication of the day of publication of the day of the da

EX Highs-Lows

# SPORTS 335

## **Braves Fold to Cardinals Again**

The Atlanta Braves are finding out just how difficult being defending champions can be.
Their last three losses have all been the kind a team has a hard time forgetting. The latest collapse came Sunday in St. Louis.

when Tom Pagnozzi delivered a two-run single with two outs in the ninth inning to give the Cardinals a 6-5 victory.

 But that was oothing compared to what bappened Saturday night.

Pagnozzi's big hit off reliever Aleiandro Pena came hours after the Cardinals had rebounded from a 9-0 deficit to beat the Braves, 12-11, in one of the greatest comebacks in franchise

"You could say everybody's choking," Pena said. "Nobody's doing the job in the bullpen."
That was the Cardinals' greatest comeback since June 15, 1952, when they rallied from an 11-0 deficit, a league record to beat the New York Ginets 1412 in the first name of a York Giants, 14-12, in the first game of a doubleheader at the Polo Grounds. The Philadelphia Phillies tied the record in 1976.

Atlanta led, 3-0, in the third on Sunday and was ahead, 5-4, entering the ninth before the Cardinals loaded the bases with two outs against Pena

Pedro Guerrero broke his bat oo a single with two outs, and Milt Thompson pinch ran. Pinch-hitter Gerald Perry singled to put runners at first and third, and Todd Zeile worked out a four-pitch walk to load the bases.

Pagnozzi followed with a single to right to

score Thompson and Perry. "I think it's very important because of who you're playing," said Joe Torre, the Cardinals' manager. "They went to the seventh game of the World Series last season, and the way they beat us last year we didn't belong on the same field."

## Tough-Loss String Mets beat knuckleballer Tom Candioto to complete a three-game sweep and send Los Angeles to its eighth loss in nine games. With its 11th consecutive home victory, New York **Intact on Late Hit**

Atlanta won nine of 12 games against St. Louis in 1991.

Juan Agosto, the fifth Cardinals' pitcher, worked the ninth for the victory.

It was Atlanta's third crushing defeat of the week. On Wednesday, it was one out away from a t3-inning victory at Pittsburgh when second baseman Mark Lemke and right fielder David Justice let Jay Bell's pop-up drop, driving in the

#### NATIONAL LEAGUE

game-tying run. The Pirates won in 16 innings. Glants 8, Expos 3: In Montreal, Kirt Manwaring's tie-breaking two-run double and Mike Felder's three-run borner highlighted a five-run 11th for San Francisco.

With one out and runners oo first and third, Manwaring doubled into the right-field corner off Bill Landrum to make a winner of Jeff

Reds 6, Cubs 0: Tim Belcher pitched a twohitter to snap a personal three-game losing streak as visiting Cincinnati romped. Belcher tossed his 13th career shutout and first since last Aug. 30, when he defeated the

Cubs for Los Angeles.

Darnell Coles had three hits for the Reds. including two doubles, and drove in two runs. In carlier games, on which reports appeared Monday in some editions of the International

Mets 3, Dodgers 0: In New York, Sid Fernandez pitched seven sbutout innings as the

matched a franchise record.

The Dodgers have scored just 10 runs in their last five games. "To a small extent, it effects the way you

pitch if the team is not hitting," Candiotti said. However, it's part of baseball. The three-game sweep was the Mets' first at Shea Stadium against the Dodgers in six sea-

Astros 6, Pirates 4: In Pittsburgh, Jeff Bagwell broke out of a slump with a tying pinch home run in the eighth and a go-ahead basesempty shot in the 10th off Roger Mason as Houston stopped a nine-game road losing

The Astros had lost four in a row overall and hadn't won away from the Astrodome since the road opener April 24 in Atlanta. Pittshurgh lost for only the third time in 15 games at Three

Bagwell was in a 2-for-26 skid when he homered off Bob Patterson to tie the score. Doug Jones worked two scoreless innings for the

Phillies 9. Padres 3: In Philadelphia, Terry Mulholland pitched his second straight complete game and drove in two runs as the Phillies coasted past San Diego.

The Padres scored with two outs in the first when Gary Sheffield singled and Fred McGriff hit his 10th bome run of the year. They added a run in the second on losing pitcher Greg Har-

Mulholland then settled down, scattering 11 hits, walking one and striking out one.



Dodgers Eric Davis, left, and Brett Butler watched as Dave Magadan's ball plopped down for a triple.

## With Loss to A's, Yankees Finally End a Rocky Road Trip

By Michael Martinez

New York Times Service OAKLAND, California - A trip that began with a victory in Seattle last Mooday finally ended on Sunday, and not a moment too soon for the New York Yan-

Six losses followed that triompb against the Mariners, incloding a 5-2 loss to the Oakland Athletics oo Sunday, which pushed the Yankees' record to 15-16, the first time this season they had fallen below the .500 mark.

The Yanks were held to two hits by Oakland's starter, Joe Slusarski, who served up a two-run homer to Pat Kelly in the third inning, then retired 16 of the last 18 hatters he faced.

Slusarski, who pitched a two-hitter

over eight innings, didn't walk a batter and was supported by bome runs from two familiar sluggers — Jose Canseco and Mark McGwire - and from one less notable, Mike Bordick.

the ninth for his American League-lead-

ing 13th save.

Yankee relief pitcher Steve Farr was ejected from the game in the eighth after he hit Jerry Browne with a pitch, apparently in retaliation for Sluarski hitting Kelly in the sixth.

The Yankees, who began the day with a cumulative .221 batting average through the first six games of the trip, received a burst of offense in the third inning when Randy Velarde lined a one-out single to right field and Kelly followed with a home run to left, his first of the season.

the lower back the next time be came to bat, in the sixth. Buck Showalter, the Yankee manager, went out to complain to Dennis Eckersley struck out the side in Drew Coble, the plate umpire, who then

#### AMERICAN LEAGUE

issued what appeared to be a warning to A's Manager Tooy LaRussa.

In other games, on which reports ap-peared Monday in some editions of the International Herald Tribune, The Associated Press reported:

Blue Jays 4, Angels 1; Juan Guzman improved to 5-0 and Joe Carter drove in three runs as visiting Toronto beat Cali-fornia to regain the AL East lead. Guzman, a winner of 15 of his last 16

That apparently didn't sit well with decisions, dating back to last June 22, three-run homer during a five-run first Slusarski, who hit Kelly with a pitch in went the distance and allowed four hits imning and Minnesota went ou to comand oo walks. He struck out five as Toronto snapped California's four-game winning streak.

Toronto's Dave Winfield went 0 for 5 ainst his former team, ending a careerhigh 17 game-hitting streak.

Brewers 6, Rangers 2: Struggling B. J. Surhoff drove in three runs and Milwankee stopped a seven-game losing streak with a victory in Arlington, Texas.

Surhoff was batting just .135 overall and was in a 1-for-17 skid with runners on base when he hit a two-run single in the second inning. His hit came after a throwing error by shortstop Dickie Thon began a five-run burst against Jose Guzman. Twins 10, Indians 6: Pedro Munoz hit a

plete a three-game sweep of the Indians in Minneapolis. The Twins outscored Cleveland 27-15

in the series and got 13 hits in all three games. Minnesota has won 15 of its last 18 games against the Indians. Mariners 6, Tigers 2: Rookie Dave Fleming won his fourth straight decisioo

and Seattle stopped a four-game losing The Mariners, who lost 13-0 to Detroit

ou Saturday, bounced back at the Kingdome for their second victory in 12 games." Red Sox 10, Royals 6: In Kansas City, Missouri, Boston's Jack Clark broke out of his season-long slump, hitting two-homers and driving in six runs. Clark, batting only .174 with no home runs and seven RBIs, almost became the first player to hit a ball out of Royals Stadium. His three-run homer in the third inning hit a concrete wall about 440 feet from the plate and bounced within a few feet of a chain link fence that encircles the ballpark, about 480 feet away.

White Sox 5, Orioles 2: Jack McDowell became baseball's first seven-game winner, limiting the Orioles to four hits in eight innings in Baltimore.
The White Sox became the first visiting

team to win a series at Camden Yards, taking two out of three. The Orioles are

McDowell struck out four, walked two and shut out Baltimore until Tim Hulett's two-run single in the eighth. Bobby Thigpen pitched the minth for his minth save. In seven starts, McDowell is 7-0 with a 2.78 carned run average. He has pitched 55 innings and allowed 42 hits, struck out 33 and walked seven.

## Canucks, Still Alive, Nip Oilers

VANCOUVER, British Colum bia - The Vancouver Canach have been living on the edge in the

National Hockey League playoff,
— but are still living, nevertheles.
They staved off elimination with a 4-3 home-ice victory over the Ed-monton Oilers on Sunday man

#### STANLEY CUP PLAYOFFS

sending the Smythe Division find back to Edmonton for Came 6 or

Tuesday night.
"If we can get a seventh same back here we feel we can win the series." said center Cliff Roming who scored his seventh and eight playoff goals. "So this next game is the big one."

Vancouver came back from a 3-1 deficit to beat Winnipeg in the first round. Now it's trying to do it to Edmonton. No team in NHI histo. ry has ever overcome 3-1 deficits

twice in the same year.

The Canneks scored the first four goals Sunday night, but dearly let the game slip away.

Igor Larionov and Trevor Lin-

den also scored for Vancouver; Joe Murphy, Dave Manson and Mark Lamb scored for Edmonton.

The Camicks had looked as if

they would run up the score, taking a 4-0 lead before the two-minute mark of the second period. But a defensive collapse late in the period allowed the Oilers to score three straight goals, two on power plays.

Murphy had two other clear sec-

ond-period chances after Vancouver giveaways, but gualic Kirk McLean stopped both brilliantly, The Canucks led 2-0 after the first period on the strength of pic-ture-perfect goals by Linden and

Ronning.

After three-way passing that is volved Geoff Courtnail and Linden, Ronning scored his seventh of the playoffs as he tipped in a goal-mouth pass with defensemen Char

Joseph draped across his back: Linden scored his fourth defie playoffs, breaking in on the left and flipping the puck past goalie hil Ranford as Martin Gelinas and Dave Manson fought to take the pnck, away.

## **CHESS**

KASPAROV/WHITE

Position after 29 ... 29 Qc4

SICILIAN DEFENSE

20 Kh3 21 Rhet 22 Qc3 23 Rc2

24 Rb3 25 Nf8 25 gf 27 Be4 28 Kh4 29 Rg2 30 Qc4 31 Bh7 32 Kh5

18 c4 11 Qd3 12 g4 13 Bg2 14 g5 15 Be3 18 Kf2

#### By Robert Byrne

THE opening of the game between Gary Kasparov of Russia and Mi-guel Illescas of Spain in the Linares International Tournament required bizarre stratagems.

The old Four Knight's Variation of the Sicilian Defense has always been known for producing acute battles. Black invites the attack with 6 Not be 7 c5 Nd5 8 Ne4.

Nowadays the complex, scrappy 9...Qb6!? is considered the only promising method.

And White plunges right in with the sbarp, aggressive 10 c4!?, one important point being that after 10... Ne3 11 Qd3 it would be an atrocious mistake to ex-change with 11...Nf1? 12 Rf1 because White would then hold the vital d6 square in a lethal grip. Moreover, inter-polating 11...Nf1? 12 Rf1 because White would then hold the vital d6 square in a lethal grip. Moreover, interpolating 11...Bb4 led to 12 Bd2 Rb8 13 b3 O-O 14 Bb4 Qb4 15 Ke2 Nf5 16 g4 Ne7 17 Qd6. with a favorable end game for Georgi Tringov against Robert Hüboer in the Lucerne Olympiad in 1982.

Black can also play 10...Bb4, which is met by Ratmir Kholmov's remarkable move, 11 Ke2! Thus, 11...f5 12 Nf2 Bc5 13 Nd3 14 Qb3 Nf1 15 Qb6 Bb6 16 Rf1 Ba6 17 b3 Rc8 18 a4!? yields White the preferable ending.

Illescas chose the line considered best, 10...Ne3 11 Od3 Nf5, the thought being

that after 12 g4 Nd4, Black's knight has reached its optimum position.
In place of the routine 13 h3, Ka-

sparov produced a gambit with 13 Bg2 h5 14 g5 Bh7 15 Be3!? Nc2 (the pawn cannot be accepted with 15...Qb2? because of 16 O-O! Nc2 17 Rab1 Qa3 18 Rb3, winning a piece) 16 Kf2 Ne3 17 Qe3 Qb2. Illescas could oot well decline it with 17...Qe3 18 Ke3 because the ending would have been difficult for him even with bishops of opposite color after 18...c5 19 Rhd1 Be4 20 Be4. For example, 20...Rc8 21 Rd3 Rc7 22 Rad1 Kd8

(23 Rd7! was threatened) 23 Bc6l Rc6 24 Rd7 Kc8 25 Ra7 will win for White. On 18 Kg3, Illescas could not retreat with 18...Qa3? because 19 Qa3 Ba3 20 Rab1 Bc8 (or 20...Ba6 21 c5 Bd3 22 Nd6 Ke7 23 Rb3) 21 c5 a5 22 Rb3 Bb4 23 a3 wins a piece.

In an abominable position, Illescas tried to unite his rooks with 24...O-O, but he thereby ran into Kasparov's explosive 25 Nf6!, which blasted open paths to the black king. After 25...gf 26 gf Bc5 27 Bc4 Rfb8. the champion coolly removed an obstacle with 28 Kh4.

After 28...Kf8 29 Rg2, defense by 29...Qc4 could not bold out long. After 30 Qc4 Bc4 31 Bb7 there was oo use playing 31...Ke8 because of 32 Rg8 Bf8 33 Rf8! Kf8 34 Rg3 and 35 Rg8mate. After 32 Kh5, Black could only drag on to 32...Be2 33 Kh6 Bg3 34 Rbg3 Bg4 35 Rg4, when there is oothing more to throw in the way of 36 Rg8mate. Illescas

## **BOOKS**

GIVE WAR A CHANCE: Eyewitness Accounts of Mankind's Struggle Against Tyranny, Injustice and Alcohol-Free Beer

By P. J. O'Rourke. 288 pages. \$20.95. The Atlantic Monthly Press, 19 Union Square West, New York, New York

Reviewed by Jonathan Yardley

P J. O'ROURKE is an amusing fel-. low in much the same way that Dave Barry is an amusing fellow. When he is funny he is very, very funny, and when he is oot, he is sophomoric. He's at his best when he's exercising his considerable powers of observation and letting his bumor emerge caturally therefrom, at his worst when he's straining for laughs and scraping the bottom of a barrel that's oot quite so deep as he believes it to be. "Give War a Chance" offers represen-

taove samples of Good P.J. and Bad P.J. but with a considerable margin in favor of the former. The book is divided into four sections. In the first, O'Rourke re-ports from a number of places — North-ern Ireland, Paraguay, Nicaragua, the Soviet Union, Eastern Europe — that are undergoing traumatic and frequently vi-olent change. The second and third deal with various domestic matters and give O'Rourke ample excuse for the liberalbashing, at which he can be either hilarious or monotonous. The last is a collection of reports from the Gulf War, none

of which really gets off the ground.

That's out of character, for O'Rourke is usually at his best overseas, as he showed to great effect in "Holidays in Hell." He has a sharp eye for incongruity, particularly for the ways in which it is revealed when cultures clash. O'Rourke is sharper when his wit has

bite: "You can't shame or humiliate modern celebrities. What used to be called shame and humiliation is now called publicity, And forget traditional character assassination. If you say a modern celebrity is an adulterer, a pervert and a drug addict, all it means is that you've read his antobiography." He also can be sharp when he's not trying to be funny, as in his evisceration of Live Aid and other fake charities:

"But, say some, Live Aid sets a good example for today's selfish youth, reminding them to be socially concerned. Nonsense. The circus atmosphere of the Live Aid concerts makes the world's problems seem easy and fun to solve and implies that the solutions are naturally uncontroversial. As an example of charity, Live Aid couldn't be worse. Charity entails sacrifice. Yet the Live Aid performers are sacrificing nothing. Indeed they're gaining public adulation and a thoroughly unmerited good opinion of themselves. Plus it's free advertising."

There's a modest amount of such in

'Give War a Chance," and it's the best stuff in the book. For all his tendency toward slapstick, O'Rourke has a tough and interesting mind. He makes a fetisb of his alliances on the right, hut he's oo ideologue. What's in his closet isn't bberalism but commoo sense, and when be lets it out he's first-rate.

Jonathan Yardley is on the staff of The Washington Post.

#### PEANUTS



We were so poor we had to eat cat food. So we all died.

YOU Y WELL ALL NOT. DIED? EXACTLY

BUT THE CAT WAS FURIOUS

KOREB (

## BEETLE BAILEY THOSE GLYS HAVE BEEN IN THE SHOWER TOO LONG

## CALVIN AND HOBBES THE GOT TO STOP BE A DOORMAN UNLESS HE ALLOWS HOMSELY









DOONESBURY

YOU ADULDN'T BELEVE



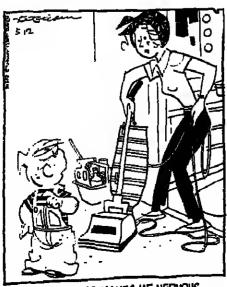


Qb2 Ba6 b4 Qc2 Qa4 Ba3 Be7 O-0 gf Bc5 Rfb8 KB Qc4 Bc4 Bc4 Bc2

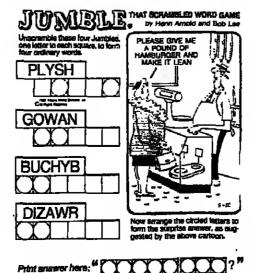




#### DENNIS THE MENACE



ALLTHIS CLEANING MAKES ME NERVOUS I'M GOIN OUTSIDE AND SIT IN SOME DIRT.



Junubigat GIVEN FEWER PILLAR VACANT

# SPORTS NEW 3

# Canucks, Still Alive Nip Oilers By Angus Phillips Challenger archival, New Zealand. Once, Il Moro di Venezia stayed The protest was later withdrawn.

VANCOUVER, British Gebia — The Vancouver Contact been living on the edgin — but are still living entered to the state been living on the edgin — but are still living entered They staved off elimination a 4-3 home-use victory contact. 2.4-3 home-ice victory overlag enonten Oilers on Sinday

by America' bowman Jerry Kirby, sounded early prophetic Sunday as Cayand and his crew on Italy's STANLEY CUP PLAYO America's Cop challenger, Il Moro of Venezia, engineered the most ex-citing and unlikely victory in the sending the Smythe Division back to Edmonton for Cane 141-year history of sport's oldest

"If we can get a sevent sories." God center Clif ReFix off Goals. "So this read the firms he held off a final charge from the fleet, white defead
back here we feel we can shipped his struggling boat around the 20-mile course while a clearly single and affection. Then, in the run in the finish, he held off a final charge from the fleet, white defead-Call total charge from the fleet, white defenddeficit to beat Winnipeg in the er and shot across the line three seconds ahead The closest victory ever in a cup siich evened the final at one vic-

cound. Now it's trying to the Edmonton. No team in MILL ry has ever overcome 3.1 € twice in the same year. tory each, in essence cutting it to a best-of-five compention. With rac-The Canucks scored the four goals Sunday eight box et the game slip away. Igor Larionov and Trent den also scored for Vancount den also scored for Vancount Marphy. Dave Manson and Lamb scored for Edmonton.

The Canucks had looked to the control of the co

straight goals, two on powers Murphy had two other deat

and-period chances after Va-

ture-perfect goals by links

Mier three-way passing and

den. Rennung scored his med

the playoffs as he tipped ace

Jeseph draped across his let.

Diayoffs, breaking in on the life

firming the puck past goaki

Rustiand as Martin Gding:

Dave Manson fought to the

BUT THE CAT

WAS FURIOUS

THE SEEN WEITFING SUMM

SUMDO: HAVEN'T YOU?

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The Canacks led 20 mg

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Royals

the third 440 feet

LE 2 CO

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n Tarts.

best-ci-five compension. With rac-ing to resume Tuesday, both camps had much to ponder.

Americal would digest a day in which it had three golden opportu-nities to wrest the lead from Il Moro—but flubbed each spectacnlarly. And the challenger's team knew it would have to perform magic again and again to beat the swifter defender. they would run up the some at 2 4-0 lead before the name mark of the second pend ! How close was Sunday's margin? defensive collapse late in the allewed the Oilers to some In the 28 defenses since 1851, the

next closest was the 26 seconds by which Australia's Gretel lost to Weatherly of the United States in

Washington Part Service SAN DIEGO — "People say

Dennis Conner is Houdini. Paul Cayard is Houdini squared. He can take a slow boat and win with i

Those words, spoken last week

He's that good."

But the three-second edge was not as close as two Cayard finishes in the challenger trials. Twice in the last two months he

finished one second apart from his

challenger archrival, New Zealand in its normal sailing position when Once, Il Moro di Venezia stayed the line was crossed as required. ahead by a whisker to win; the other time she was behind by a nose but won when New Zealand was disqualified for touching the buoy at the end of the finishing line,

Horrow, to profit to a filler was a particular and the fill of the control of

If Cayard, 32, a San Franciscan who moved to Venice to sail for Italy in the cup, looked like a wiz-ard after those two victories, the image was enhanced Sunday as he dodged disaster twice, then hoodwinked America' to triumph. Approaching the finish line side by side with America' — the boats a

'It's been a long time since we've seen a race like that. I'll take three seconds any day.'

Paul Cayard, Il Moro's skipper

few feet apart and their huge gen-naker headsails billowing — Cayard had his crewmen let the line controlling his sail run free at the last moment, so that the gennaker surged out ahead of the bow. The definition of finishing in yacht racing is when any part of the boat crosses the line, and his sail was there first by the judgment of officials.

The finish was so close that neither team knew which had won for

When the outcome was clear America's tacticism, David Dellen-bangh, hurled his hat to the deck in disgust. He later hoisted a protest flag, America' charging that II Moro's headsail gambit was against the rules and that its gennaker was not

The protest was later withdrawn. But America' had its chances to win, and the crew can't feel good about blowing them.

Cayard, who was over the starting line early in Saturday's opening race and never caught up, got an even start Sunday, and the two boats were neck and neck up the first, three-mile leg. America's helmsman, Buddy Meiges, had one good chance to pass two-thirds of the way up the leg as he poked his bow ahead of Il Moro with the boats just a few feet apart.

But Cayard, squeezing out tiny increments of speed, hung in along-side, somehow powered through America's backwind and slid out to a 33-second lead at the first turning mark

America', with its superior speed, caught right up and was even at the end of the next downwind leg. But near the turning mark, Cayard drew alongside and threw the helm over in a vicious huff, pointing his bow right at America' with the right of way oo

Meiges, evidently caught unawares, responded in a panicky way to avoid colliding. He was late and oversteered, collapsing his sails for a full minute, which gave II Moro a half-minute lead.

But America' just kept coming at the leader and finally drew even again down the run to the finish. yet still could not prevail.

Said Cayard, understating: "It's been a long time in the America's Cup since we've seen a race like that. I'll take three seconds any day. America' is not a slow boat. gave them some pretty hard shots and they hung tough. It's going to be a long, tough week."



New York's Anthony Mason slipped through the Bulls' defense to score, as the Knicks did all game.

bout between two former

world heavyweight champi-

ons, Tim Witherspoon and

Tony Tucker, in October, the organizers said Monday.

The event will be held Oct.

18 at Beijing's Capital Gymnasium, said the promoter, William Wheeler, a Seattle

He said organizers hoped the lights would generate in-terest in professional boxing in

China. Boxing was banned in

China after the death of a

fighter in 1959, but amateur

competition resumed in 1986.

how much money the boxers

would receive for the fights.

He also did not say how much money was being invested in the event, but said it would run

to "several million" dollars.

Wheeler declined to say

## **Bulls Stop Ewing But the Knicks** Still Get Even

By Clifton Brown New York Times Service

NEW YORK - Just one day after an emotional loss to the Chicago Bulls, the New York Knicks

New York defeated the Bulls. 93-86, oo Sunday night in Game 4 of their four-of-seven-game playoff series at Madison Square Garden. By evening the series at two games apiece, the Knicks convoued their surprising showing in a series that most people expected Chicago to wio casily.

Game 5 was to be played Tuesday night in Chicago, while Game 6 will be Thursday oight in New

Michael Jordan of the Bulls led all scorers with 29 points. Xavier McDaniel led New York with 24. The game took a bizarre twist in the Knicks' favor when the Bulls' coach, Phil Jackson, was ejected with 4.4 seconds remaining in the third quarter. Jackson was tossed by the referee Dick Bavetta after a lengthy discussion between the two men in front of Chicago's bench.

Jackson, who received his first technical foul in the first quarter, had been criticizing the officials throughout the game. Finally, Ba-vetta bad had enough, giving Jack-soo his second technical and an

Jacksoo's ejection sparked New York on an 8-0 run that turned a 67-65 deficit into a 73-67 lead. And the Knicks did it all without Patrick Ewing, who was oo the bench with four fouls. During the 10% minutes that Ewing spent on the

quarters, New York outscored Chi-

After a free throw by John Starks made the score 67-66 for Chicago. Starks scored on a breakaway slam dunk, Anthooy Mason made a baseline jumper, then McDaniel grabbed a huge offensive rebound and made a 7-foot jumper while Cliff Levingstoo knocked him to the floor. McDaniel added the free throw to complete the run and the

Knicks never trailed again. New York held off every Bulls charge in the final four minutes. After Chicago pulled to 79-75 with 5:33 left, Greg Anthony made a baseline jumper, and then after Scottie Pippen missed a jumper, Gerald Wilkins made an acrobatic fasthreak lay-up while being fouled by B. J. Armstrong. Wilkins added the free throw, giving New York a 84-75 lead with 4:37 left.

Then, after Chicago pulled to 86-82 with 3:01 left, Ewing made 8 jumper in the lane. After missed umpers by Jordan and Scott Wilbams, Starks made two free throws with 2:14 left to put New York ahead, 90-82. The Bulls were out of answers and ran out of time.

Most of Jordan's points came oo jumpers as both Wilkins and Starks played Jordan about as well as possible. But the ability to make tough shots is just part of what makes Jordan who he is.

"Jump shot after jump shot," said Starks, describing the Bulls' offense, especially in the second balf. "Coach Riley told us before the game, 'Don't let them get into the lane.' That's their whole game, Michael and Scottle penetrating, breaking you down, dunking and dishing off to guys like Horace Grant for layups."

While Jordan carried Chicago in the first half, Ewing could oot do likewise for New York. Ewing had a 6-point first half.

In Sunday's other late playoff game, The Associated Press report-

Sooics 104, Jazz 98: Ricky Pierce, averaging 12 points oo 41 percent shooting as the SuperSonics lost the first two games of the series at Utah, rediscovered his shooting touch to lift the Sonics in

Pierce scored 31 points oo 9-for-17 shooting from the line and 13for-13 accuracy at the free-throw

against Utah by getting the ball closer to the basket. In the first two gar

ball at the 3-point line, which is too far out for me," Pierce said. "Today, I got the ball in spots where I

most 51/2 minutes in the fourth quarter and committed seven of its 13 turnovers in the final period.

they held Karl Malone, who had 30 points, to one shot and oo points in the final 12 minutes. Seattle held the Jazz to 17 points in the fourth

## **IAAF Upholds Suspension** Of Reynolds for Drug Use

Compiled by Our Staff Prom Dispatches

LONDON — The governing body for world track and field on Monday upheld the suspension of Butch Reynolds, the 400-meter world reconl-holder, for alleged drug use, ending the American's hopes of competing in the Barcelona Olympics.

The two-year han imposed in August 1990, runs until Aug. 11,

two days after the Barcelona Games end. Lami Tarast of Finland, president of the International Amateur Athletic Federation's arbitration panel, said after the two-day hear-

ing "We could not find any doubt about the reliability of the findings of all the procedures." Reynolds, 27, set a world 400-meter record of 43.29 seconds in 1988.

He insisted Monday that he would continue to fight the bun. "If I have to fight to my dying day to prove my innocence, I will do," he said: "Though I'm very upset, I know justice has not been served. They've not heard the last of Butch Reynolds."

meet in Monte Carlo, was due to faulty test procedures.

The IAAF banned him for two years, but The Athletics Congress, the sport's U.S. governing body, cleared him to compete after saying there were inconsistencies in the tests, which were taken in Pans. Also Monday, the head of the IAAF's five-man medical commission said the panel would adopt recommendations this week in the case of Katrin Krabbe, the world sprint champion, who is the focus

of a doping investigation. Krabbe's case comes before the full IAAF at its meeting in Toronto May 29-31. But Arne Ljungqvist, IAAF vice president and head of the medical panel, said Monday that the committee would make a recommendation to the council this week.

"But it's a recommendation we give to the council," he added, and it's not a decision that will be publicized."

#### SIDELINES

## Edberg Beats Stich in German Open

HAMBURG (AP) — Top-seeded Stefan Edberg overcame the loss of the first set and two rain interruptions on Monday to win the German Open tennis tournament with a 5-7, 6-4, 6-1 victory over Michael Stick. Edberg, ranked second in the world, took complete control after returning to the court following a rain delay of 45 minutes at 1-1 in the third set. Rain had already held up play for 90 minutes at the end of the first set. He broke the third-seeded German for a 3-1 lead and then gained another break in the sixth game.

LOUISVILLE, Kentucky (AP) — Churchill Downs has adjusted Lil E. Tee's official winning time in the 1992 Kentucky Derby to 2 minutes, 3 seconds, one second faster than the original clocking.

"We may never have conclusive evidence as to the cause for the error," a track's general manager, Dan Parkerson, said Sunday. The track said the discrepancy apparently occurred during the first quarter of the race.

Blushing Broom, the sire of Arazi, died Wednesday at Gainesway Farm

near Lexington, the sire of Arizz, died wednesday at Camesway Farmer Lexington, Kentucky. Born in 1974, he was an outstanding two-year-old, winning three classics in France. (IHT)

Bobby Robson, former coach of England's national soccer team, signed a two-year contract Monday to coach the club Sporting Lisbon. (Remers)

John Daly, winner of last year's PGA Championship, has married his girlfriend, Bettye Fulford, who had sued him for palimony, her attorney said Spading.

said Sunday.

The tournament had been plagued by rain delays the entire week and officials were forced to reschedule the final for Monday and reduce it to

#### Derby Winner's Time Is Revised

#### For the Record

Diego Maradona, the Argentine soccer star, again defied his worldwide ban for drug use to play in a benefit match for a children's hospital on Sunday in Posadas, Argentina. (AFP)

#### **New York-New Jersey** U.S. Promoter Plans China's Edges Ohio in WLAF First Pro Bouts The Associated Press BEUING — China's first professional boxiog event, billed as "The Brawl at the Great Wall," will feature a

The Ohio Glory coach, Larry Little, said there were oo losers on his team. But that didn't change how Babe Laufenberg felt.

Laufenberg's pass on the Glory's first possession of overtime was picked off by New York-New Jersey's Joe Johnson, who returned it 41 yards for the winning touch-down in the Knights' 39-33 on victory Sunday in Columbus, Ohio. Laufenberg had been the hero of the game until then. Coming in for

the injured starter, Pat O'Hara, be completed 19 of 29 passes for 239 id a louchdown while ing the Glory back from a 33-17 fourth-quarter deficit. The Glory had gotten one first

down after winning the overtime coin flip and was faced with a third-and-3 situation at its own 39. Receiver Walter Wilsoo weot downfield, then cut toward the sideline. Johnson timed his move. stepped in froot of Laufenberg's

pass and was off. The victory was the fourth in a row for the Knights (4-4). Yet the Glory (1-7) gave them a scare by tying the game, 33-33, on Jerry

Kauric's 22-yard field goal with 1:17 left in regulation. Fire 23, Machine 16, OT: 10 Birmingham, Alabama, Jim Bell dove

in from the one-yard line with 10 seconds remaining in overtime to beat Mootreal With 46 seconds left in overtime, Montreal (2-6) came up a yard short oo a fourth-and-two play from its own 44. Fire quarterback

Mike Norseth completed a 44-yard pass to Willie Bouyer, who made a diving catch at the one-yard line. Norseth completed 19 of 31 for 217 yards, and rushed for 74 yards

Riders 17, Dragons 0: In Barcelona, Ivory Lee Brown rushed for 107 yards and a touchdown as San Antonio moved closer to a playoff berth.

The victory allowed the Riders (6-2) to keep pace with the Sacrameoto Surge (6-2) atop the WLAF's Western Division. Barcelona (5-3) has oow lost two straight after winning five in a row. But the Dragous clinched the European Divisioo otle and a playoff spot Saturday when Frankfuri lost, 51-

7, to Sacramento.

**Tour du Pont** 

Pierce said he was able in score

could get open."
Utah was held scoreless for al-

The Sonies trailed most of the way until the fourth quarter, when

#### SCOREBOARD

BASEBALL Major League Standings AMERICAN LEAGUE 22 11 29 11 14 14 15 16 13 16 13 18 12 21 Division 26 12 .445 .500 .484 .48 .419 .344 .625 .621 .548 .529 .844 .367 548 550 464 467 452 370 Sunday's Line Scores

Trilippen (17).
Beston 369 812 961—18 13 8
Remon City 900 812 196—8 9 2
Viole, Derwin (3), Hearts (7), Reardon (9)
and Floherty: Meamonts, Picherdo (3), Macchart (7), Heaton (9) and Makvin, W—Viole, AL.—Meamonds, 0-3, HRS—Beston, Clarkz (2),
Burks (2), Konsus City, Maccorlans (3),
Cleveland 802 238 196—6 13 1
Armstrong, Christopher (4) and Levis, Ortiz
(7); Machartes, Gutterle (4), Willis (4), Woyne
(7), Apollera (9) and Harser, Webster (6),
W—Gutterle, 1-0, L.—Armstrong, 1-4, 5v.—Aguilera (9), HRS—Cleveland, Wilten (4), Alanesota, Monoz (4), lera (9), HRS—Cleveland, Whiten (3), Allanesota, Monoz (4).

Milweutee 959 108 606—4 11 8 Teams 900 600 118—2 8 1 Basio, Henry (9) and Surhoff; Gezznon, Bannister (9) and Rodriguez, W—Bosio, 3-2.

L—Guzman, 3-2.

New York 642 900 606—2 2 8 Octions 900 100—5 2 1 Codornet, Hobbyen (7), Forr (8), Johnson (8) and Nokes; Slasorski, Eckarsley (9) and Steinboch, W—Susorski, 3-1, L—Codornet, 3-3.

Sy—Eckarsley (13), HRs.—New York, P.Kaby (1), Octiond, Conseco (7), McGwire (15), Bordick (1).

Detroit 108 610 600—2 7 1 Seattle 913 408 813—4 4 8 Aldred, Doharty (4), Loncoster (9) and Kraufer; Flemins, Nelson (7), Schoolar (9) and Slasotro, W—Flemins, 4-1, L—Aktrod, 6-1, MRs.—Detruit, Phillips (13), Seattle, Bulson (3), Cotto (1). (3), Cetto (1).
Throate of 1 62 666—4 7 8
Cellerain one of 660—4 4 2
Gustnan and Myers, Grahs, Boiles (4),
Eichharn (4), Fray (7), Crim (9) and Fitzgercid, Wi-Gustnan, 5-0, L—Grahe, 2-3, HR—To-

en (9).

NATIONAL LEAGUE San Diego 20 80 044—3 11 1
Patiedelphiu 90 113 024—4 8 8
Horris, Rodriguez (7) and Santiego: Mutholiand and Daulton, W—Mutholiand, 2-1 L—
karris, 1-1, IRS—San Diego, McGriff (10).
Philodelphio, Dunczer (2). Los Angeles 080 998 998—8 3 1
New York 118 600 193—3 9 0
Condictit, Gross (7) and Hernandez; Fernandez, Gibson (8), Burke (8), France (9) and
Hundley, W.—Fernandez, 24. L.—Candictit 3-2.
Sv—Franca (6), HR—New York, Schofield (2).

Heaston 911 919 519 3—6 18 8
Pittsburgh 192 998 198 9—4 8 8
(18 Ismirys)
Portugal, Gauna (71, Boover (7), Jones (9)
and Toubbrasee: Walk, Neaste (3), Lamp (7),
Patterson (8), Amon (7) and Levisitiers, W—
Jones, 2-1. — Mason, 1-3. HR3—Houston, Anthony (1), Baewell 2 (4). Pittsburgh, Kine (1).

Cinclesed 91 31 38—6 9 8 Chicago 600 600 896—8 2 2 Balcher and Aten'r: Dru.Lockser, Robinson (S), D.Snith (3) and Girard, Villonusva (6). W—Belcher, 2-4. L—Cru.Jockson, 6-5. Son Francisco 698 662 907 85-8 9 1 Mantreol 608 660 66-3 2 1 (21 Instices) Downs, Beck (5), Righett) (7), Jockson (8)

Brontier (9) and Monwarins: Mortinez, Wet-teland (8), Londrum (10), Fatsero (11) and Carter, Cerase (3), W.—Bruntley, 2-0, L.—Lan-drum, 1-1, HRS.—Son Francisco, Felder (1), Montreol, Clanfracca (2). Attentio 862 866 256-5 11 8
St. Leuts 862 860 112-4 12 8
Bielecki, Stanton (7), Francon (7), Penn (8)
and Berryhill, Olson (7): Oilvores. ArcClure
17), Corpenter 171, Werrell (13), Assets (9) and
Pagnazzi, W.—Assatu, 2-2, L.—Penn, 0-3, HRs—
Attento, Pandleton (4), St. Louis, Alices (1).

CONFERENCE SEMIFINALS

CONFERENCE SEMIFINALS

EASTERN CONFERENCE
(Series Ned 3-2)

Clavelord 25 37 29 29 (1)—114

Bostes 27 34 22 5—112

CLEVELAND: Nornot 13-164-632. Sonders 3-63-43, Dougherty 9-15-7-23, Enla 04-1-2 1, Price 11-18-4-25, Williams 4-17 10-72 18, Brunden 3-3

0-6, Bottle 0-1-2-2 2, Totals 43-7-25-22 114.

EASTED 19: Gondble 2-6-10-4. Placethery 5-7-0-6 BOSTON: Gomble 245-94. Pinckney 5-70-9 12. Parish7-(62-316. Bosiey 3-102-25. Lewis 16-25-12-42. McHole 1-157-92. Brown (-4-0-2-2-2-2-112. 3-Palet goots—Gevetand 2-8 (Price 2-5. Ehito-31, Boston 2-4 (Lewis 1-1. Fox 1-1. Pinckbounds—Cleveland 44 (Enis 9), Boston 52 (Porigh 18), Assists—Cleveland 25 (Price 12), Boston 27, Total foots—Cleveland 25, Boston 27.

2. Notice 27.

(Series fied 3-2)

Chicago 25 34 18 (9—86 New York 27 20 19 27—93

CHICAGO: Grant 6-8 1-6 13, Pissent 6-12 5-19

13, Cartwright 3-5 2-2 8, Jordon 7-2 9-5 6-79, Passon 3-6 0-0, Armstrate 4-1 3-311, Levingston 6-2 0-04, Whitems 1-2 1-2 1, King 0-6 0-04, Hodges 1-1 0-0 3, Perdue 1-2 0-0 2, Totals 3-12 17-27 86.

NEW YORK: McDonfell 9-16-6-7-24, Cockey-2-4-6-1 8, Periop 5-16-6-8 13, Seckey-1-16-1-12 4 43 8, Ewing 5-16 5-8 15, Jockson 1-6 1-1 2. Wilkins 7-123-317, Anthony 1-4 1-4 3, Moson 2-6

34 1, Stories 6-11 3-3 16.Totals 33-77 28-35 93.

go 36 | Pipper 81, New York 55 (Ockley 17). Assists—Chicogo 19 (Pipper 7), New York 20

on-Chicago coach Jock WESTERN CONFERENCE

Ejection—Chicago cooch Jockson.

WESTERN CONFERENCE
(Utati leads series 2-1)
Utati
22 24 29 17—98
sectrie 22 34 29 17—98
sectrie 22 34 29 17—98
UTAH: Benoti 2-50-61, K.Adolone 10-14 10-13
36. Ection 3-4-2-3 a. J.Aastone 4-11 5-61 3. Stockion 9-13-2-72. Edwards 1-2-9-2 2 Carbin 4-7-0-0
8.M.Brown 0-2-1-2 (, Rudd 3-60-6. Totals 37-66
29-26 98.
SEATTLE: Cope 2-4-1-( S. McKey 9-6-7-4 1,
Kemp 2-7-4-6. Payrian 4-7-90-8, Pierce 9-17 (3-1)
3.1. Johnson 6-13-3-15, Borros 3-6-9-6. R.
AcAdilian 4-10-9-0. 8. Benjamin 5-7-4-8-14,
7.Brown 0-0-9-2. Totals 35-81-22-43-104.
3-Peide seats—Utati 4-7 (Stockton 3-6-8coli 1-2), Sectrie 2-10 (Borros 2-2-Pierce 8-1,
Payrian 0-1, McKey 0-1, Johnson 0-12-8, McAlitian
9-3), Feoted aut3—Nove, Rebosads—Utati 40
(K.Molone 8), Sectrie 32 (Benjamin 8), Agalsis—Utati 20 (Stockton 11), Sectrie 21 (Puyion, McAlitians), Total foots—Utati 26, Sectrie
27, Tachasicula—Utati Iliegal defense 2, Utati
delay of game, Scottle Iliegal defense 2.

HOCKEY Stanley Cup

CAMPBELL CONFERENCE 3-1, Storie - 13 - 14 Constant - 14 Constant Social - 14 Constant Social - 15 Constant - 14 Constant - 15 Constant First Pariod—I, Vancouver, Rosskip I (Linden, Courtnell), 4:40, 2. Vancouver, Linden (Courtnell, Rosskip), 13:34. Second Period—I

Vancouver, Lacionov 3 (Babych), :47. 4 Van

(Storks 5). Total totals—Chicago 28. New York 21. Technicas—Chicago coach Jockson 2. Edmonton, Murphy 8 (Dempho 2:20 (ppl. 6, Edmonton, Manson 2 (Nicholis Murphy), 17:09 (ppl. 7, Edmonton, Lomb (Murphy, Joseph), (9:27. Third Period-Non

FOOTBALL

division HITE SUNDAY'S RESULTS New York-New Jersey 39, Ohlo ZJ. OT

TENNS

In Hamburg Final Strian Edderg [1], Sweden, del. A tich (3), Germany, 5-1, 6-4, 6-1. CLAY COURTS CHAMP tte. North Comilina

MailVal Washington (4), U.S., def. Cla Mazzodri, Switzerland, 6-3, 6-3.

W L T PeL PF PA 5 3 0 .625 94 101 2 6 0 .250 117 198 1 5 1 .154 117 171

to Hershey: 1. Rolf Aldoy, Germony, Helvella, 6 hours, 20 minutes, 47 seconds; 2. Peler Hilse, Germony, Seyr, some Ilme; 3. Thomas Craven, U.S., L.A. Sheriff's, s.1.; 4. Uwe Preissler, Germony, campiony, s.1.; 5. Rolf Kiefel, U.S., Motorela, s.1.; 6. Laurent Flonon, France, Golorade, s.1.; 1. Jones Romonovos, Lilhuonia, Postobon, s.1.; 8. Phil Anderson, Australia, Motorola, s.1.; 8. Phil Anderson, Australia, Motorola, s.1.; 8. Phil Anderson, Australia, Motorola, s.1.; 9. Rik Coppens, Betplum, Colliston, S.1.; 10, Gree LeMond, U.S., "Z" s.1. Overolf standings (affer four stopes): 1. Dave Monn, Britola, Coors Leight, 14 hours 26 minutes, 39 seconds; 2. Stephen, Swort, New | North Americae East Division (and) | 7 | 8 | 473 211 93 |
N.J.	4	0	500 (94 167	
reol	2	4	0	250 141 168
1	7	0	172 101 182	
North American West Division ormatics	5	2	750 297 124	
Antonic	5	2	750 131 109	
Indicator	5	2	1	688 141 115
Carbod division	1116	minutes, 39 seconds; 2. Stephen Swort, Ne Zegland, Coors Light, .74 seconds behind: LeMond, 17 seconds behind: 4. Frankle Ardreu. U.S., Motoroid. 38 seconds behind; Dos-Otto Louritzen, Norway. Motoroid. 4 seconds behind; 6. Gulda Winterberg, Swi Zeriano, ngwanis, as secunda senimal za Zeriano, ngwanis, as seconda behindi 8. Mike Englernom, U.S. Coors Light, 54 seconda behindi; 9. Alle Kvatsvoll, Norwav. "Z." 1:03 behind; 10. Fignon, 1:11 behind.		

OUTCN CUP ord 3. Roda JC Kerkrade B SPANISH FIRST OWISION

zerland, Helvetia, 45 seconds behind: 7. Be

Real Sociedad 1. Departivo de La Caruna

Osciuna 1, Seville 0 Codiz 0. Barcelono 2 Tenerite 0. Voltaciól 0 Voltació 3. Alletico Bilbon 1 Standings: Real Madrid 49 ppints; Alletico Results in Sunday's fourth stage to Pennsylvania, a 1403-mile (2257-kiloneter) roce treat Stroudsburg, in the Pacona Abuntains, to Hershey: 1. Rolf Aldop, Germany, Helvetia.

анапет.

Socieded 39: Albecate 38: Real Zoro Espagnol and Amietic Bilboo 29; La Coron 26; Valiodolid 24; Malierca and Cadiz 22. ENAISACTIONS

BASEBALL
American League
CALIFORNIA—Put Lonce Parrish, catcher, on 15-day disobled list, retroactive to May
S. Reculaed Jose Ganzolez, outfleter, from
Edmonton, Pocific Coost League.
SEATTLE—Put Dave Volle, catcher, on 15day disobled list, retroactive in May 9. Recently SEATTLE—Put Dave Volle, catcher, on 15-day disabled list, retroactive to May P. Bought the contract of Bert Hefternon, catcher, from Coleary, Pacific Coast League.

National League
CINCINNATI—Recatled Million Hill, pitcher, from Noshville, American Association, Optioned Steve Faster, pitcher, to Noshville.
PHILAGELPHIA—Activated Ricky Jordan, first baseman, from 15-day disabled list.

PHILACEL.PHIA—Activated Ricky Jordan. first baseman, from 1s-day disabled list. Sent Wes Chamber Ioin. outfletder, to Scranion Wilkes-Barre. International League.

PITTSBURGH—Activated Bob Wate, PITTSBURGH—Activated Bob Wate, PICher, Irom 1s-day disabled list. Sent Jerry Don Gleaton. Pitcher, outright to Buffalo, American Association.

57. LOUIS—Put Rex Hudler, outfletder, on 1s-day disabled list. retroactive to Adv 1, Sought Contract of Bien Figueroa, Infletder, from Louisville. American Association.

from Louisville, American Association.

HOCKEY

Notional Hockey League

N.Y. RANGERS—Recalled Rob Zamuner,
center, from Zinghamton, American Hockey
League.

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## **ART BUCHWALD**

## The Great Scapegoat

must step in to blame someone for causing the trouble. So it came as no surprise when, several days after the riots in Los Angeles, Marlin Fitzwater, the president's loval mouthpiece, took center stage and announced that the liberal programs of Lyndon Baines Johnson

were the real villains for what happened after the Rodney King beating tri-

Marlin wasn't speaking for himself but for the Bush administration, which still doesn't

know how to Buchwald play the riots during an election

So it was decided to make "The Great Society" the scapegoat.

Here's how it happened: The President's Elite Fault-Finders Hit Squad went joto their attack mode as soon as word of the looting came

#### Spoleto to Revive Donizetti Opera

The Associated Press

R OME — The Jun resummer. Two Worlds in Spoleto, Italy, will open June 26 with a revival of Gaetano Donizetti's opera "Il Duca d'Alba." The 19-day festival founded by Gian Carlo Menotti offers 52 events, including operas, ballets, plays, concerts and film.

The Donizetti opera will be based oo the 1959 productioo created for Spoleto by Luchino Visconti, using sets based on the designs for the work's Rome premier in 1882, After its run in Spoleto, the production will go to the Teatro Carlo Felice in Genoa for a week. Also on the Spoleto program is Richard Wagner's "Die Meister-singer," staged by Menotti.

Among the dance groups is Bill T. Jones-Arnie Zane and Co. of the United States, young dancers from the Bolshoi Ballet, and Maguy Marin's company from France.

WASHINGTON — It stands to reason that when there is tends all their meetings, "Marlin. strife in the land the White House you have to go out there and dump the whole L.A. disaster on the

Democrats' doorstep."
"I gotcha," Marlin said, taking notes. "I'll announce to the world that you can't have the kind of '60s and 70s poverty programs without pillaging and looting in the urban

A political pollster applauded.

"Our message should be that there would not have been any rioting in the ghettos if it wasn't for the liberals raising the expectations of the

Marlin said, "Do I mentioo anything about President Bush's plans

to help minorities?" "What plans are those?" someone asked.

An aide responded. "The old Bush plans that the Democratic Congress refuses to pass. Let's not make any stupid oew promises that we'll be stuck with once the country

forgets about L. A." Can I say that welfare was the main reason for all the broken windows?" Fitzwater wanted to know. "Sure you can. If people were doing honest work they wouldn't have time to throw rocks."

Another political adviser to the president said to Fitzwater, "If we don't turn the riot into a political asset the looting and shooting will all have been in vain. It would be a pity if the president sank in the polls because the public considered

him gung-ho on poverty."

Marlin was excited, "I can't wait to get out there and trash the Great Society. If this doesn't play in Peo-ria, I'll eat Millie's Alpo."

"Don't overdo it," a re-election adviser cautioned. "There are some people in the country who still consider L. A. 10 be a national tragedy and oot a political dilemma."

"I understand," Marlin replied. "Our story should be that there is oo way of solving the urban problems of America if you have a Democratic Congress rejecting Republican conservative social legis-

"The message is that nobody ever stopped a mob from torching huildings with welfare checks and day-care centers.

"Great," said a political hack, "but how do we fit it on a bumper

## Algren, Riccardo's and Mr. Chicago at 80

By Frank J. Prial New York Times Sernce

HICAGO - The Mercedes came tooling down Michigan Avenue. It swerved to the curb and a white woman in her 30s poked her head out the passenger side window. "Mr. Terkel," she called. "Oh, Mr. Terkel! We read your book. We loved it! Thank you so much."

The little guy on the sidewalk smiled and gave a sort of half bow as the car drove off. Two blocks farther along, a young black bicycle messenger was waiting for a traffic light to change. He saw the little guy and his eyes lit up. "Hey," he said. "Hey, Studs. I got your book. I'm going to read it, man." And so it went: "Hello Mr. Terkel."

Was there anything unusual in all this, the little guy was asked.

"Nah, everyone around here knows me,

Studs Terkel was on his way to lunch at Riccardo's, an old hangout about a 20minute walk from his office. "This used to be a newspaper joint," he said as he en-tered. No more. Solid business types filled

the room and lounged at the har.
"Have the whitefish," Studs said. "It's my favorite here." He had the whitefish. Also a martini on the rocks and a couple of glasses of red wine.

Riccardo's - and the whitefish - unleashed a flood of reminiscence. "There were a dozen papers once. Everyone turned up at the bar, Algren and I used to sit right over there," he said. "Sometimes Mauldin would join us. The sessions

would go on and on." Studs was content. And a little sad. Riccardo's is changing hands soon. "Go-ing upscale," be said. In the Terkel lexicon,

upscale is oot a positive word. Studs Terkel is 80, and there are those who would say he is at the pinnacle of his career. His latest book, "Race: How Blacks and Whites Think and Feel About the American Obsession" (New Press), has received immense critical acciaim.

His radio interview program, now in its fourth decade, is more popular than ever and he has enough projects to keep him busy past his centenary.

"Retire? Never. I'm going out toes up."
He is short, about 5 feet 5, and walks with a slouch that makes him look even shorter. His uniform - be rarely varies it -consists of rumpled slacks, a blue blazer over an open-necked red-checked shirt and a fire-engine-red sweater with socks to match. His thinning hair, once black, is almost blond. He combs it by running his fingers through it from time to time.

"When you get older, your frame of reference doesn't work anymore, I remember the '48 Henry Wallace campaign. I



Study Terkel at Riccardo's: "Retire? Never. Pm going out toes up."

remember Martin, Barton and Fish. But it's not just me. We're a country with no revered past, oo yesterday. It's like a national Alzheimer's. There's a guy with the Mets, Vince Coleman, who says he oever

beard of Jackie Robinson." The conversation ranges. "You know Harold Washington read books? Can you imagine a mayor of Chicago who read books? . . I've got this hearing aid. Ronnie Reagan has two. Of course, there's

oothing in between his." But always it comes back to Chicago and to his idol Nelson Algren.

"Algren used to say . . ."
"I remember one time in Paris with

Algren and de Beauvoit . . ."
Why Nelsoo Algren? Studs invokes Algren's 1951 "Chicago, City on the Make," a bittersweet paean to a tough town. "He was lyrical, he was funny and he was always looking for a way to cheat the big boys," he said.

But Algren's love affair with Chicago soured and he ended up in a grave in Sag Harbor, New York. What about that? "Yeah, he moved away," Studs said, "but

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read the quote from Baudelaire that he used for his introduction."

Baudelaire wrote: "I love the infamous

Studs Terkel, Mr. Chicago to many, was born in New York - in the Bronx. The family moved to Chicago in 1920, when he was 8. His father, Sam, was ill much of his life and his mother. Annie, ran a boardinghouse and then a men's hotel in the heart of the Loop. "She was a tough little sparrow," Terkel recalled.

Studs graduated from the University of Chicago in 1932 with a degree in philosophy and from the Chicago Law School in 1934. After six months in Washington as a government lawyer, he fied back to Chicago. In 1939 he married Ida Goldberg, They have a son, Paul, a city planner.

"I did everything," Studs said. "I acted in soap operas. I was usually a gangster, which meant about three weeks work because I'd get shot. I was on the stage for a while. I drifted into being a disk jockey, I played jazz, folk music, opera. I'd follow Burl Ives with a 1915 Emma Calve record-

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Playing records led to interviewing the artists, which led to a television talk show, "Studs' Place," in the medium's earliest days. His given name was Louis; he took "Studs" from Studs Lonigan, the anti-hero created by another Chicago writer, James T. Farrell. "In those days, I usually had a Lonigan book in my pocket," he said.

His tiny office overflows with books, manuscripts, records, tapes and unanswered correspondence. Thousands of other Terkel tapes, an audio history of the years since World War II, are stored in the station's library.

A printed collection of several of the radio programs prompted Andre Schiffrin, then with Pantheon Books, to nudge Studs into n succession of popular and respected books, including "Hard Times" in 1970, about the Depression; "The Good War," about World War II and "Tallong to Myself," a memoir of his first 60 years.

"Race," like the earlier books, is an exercise in oral history. Each interview is transcribed, usually into about 60 pages of

text, then edited.
"It's like prospecting," he said. "The transcripts are the one. I've got to get to the gold dust. It's got to be the person's truth, highlighted. It's oot just putting down what people say."

His favorite interviewee in the new book? "Probably C. P. Ellis, the former

In the 1970s C. P. Ellis was the Exalted Cyclops of the Klan chapter in Durham, North Carolina. By a fluke, he was named to a community-relations board and had to deal with blacks for the first time in his life. Astonishingly, he became a successful community activist and a champion of

civil rights for blacks.

And the others? "Big Bill Broonzy, the bines singer; Bertrand Russell; Peggy Terry, an Appelachian woman I first interviewed in 1970, then 20 years later; and of course, Lotte Lehmann, the great singer. She was my North Star. She never retired; neither will L"

His oest book, Studs Terkel said, will be about elderly people who still make a difference in their communities. "There are a lot of wonderful, feisty old people around," he said. "They can be tough, they can be effective, they can make a dent. They don't care, they have no more ues." But that's in the funne. Back in the office there are shows to prepare, with Peter Ustinov, with the authors William Kennedy and Carlos Fuentes. "I wonder if

I can find some 17th-century court music of Spain to do with Fuentes," he asks "And then the books," he said. "Got to read the books. Can't read the flyleaf and

wing it like some of these clowns."

## PEOPLE

Marcia Hardée Retires Major Role — in U.S. Murcia Hayder, the leading bal-lering and director of the Sampan Ballet, says she has taken her last North American bow in one of her

major roles, Tatiana in John Cras. ko's "Engene Onegin." Havile danced the premiere in 1965, and it was the vehicle for her American debut in New York four years like.

After dancing the role Saturday at the Kennedy Center in Washington opposite Richard Crague, her longtime partner, the 55 year-old star said she would still dance and might dance Tatiana in Europe but would no longer do the role in North America.

Royal press spokesmen have had their hands full with domestic and ters lately. In London, the tabloids and the BBC had a field day with reports that Princess Anne, the ink herely dry on her divorce papers, would many Commander Tanothy Laurence of the Royal Navy, the queen's former equerry. It is being said that Queen Elizabeth has consented, but Buckingham Palace says the reports are totally unfounded. The foreign press has said that Princess Caroline of Monaco has asked her father, Prince. Rainier, for permission to many a French actor, Vincent Lindon, and that Rainier was said to have given his blessing provided Lindon converts from Indaism to Roman Catholicism, makes no claim to the throne, and agrees to other conditions. "Unfounded rumor," said the principality's press office.

In Amman, a spokesman for the Jordanian court denied that King Husseln would divorce his American-born wife, Queen Noor, to wed Rana Nejem, described as an employee in the court's pres-office. The Jordan information bureau in Washington said, "Any and all of the reports on the subject of His Majesty's alleged plans to mar-ry Miss Nejem are untrue."

Frederick's of Hollywood Misse um, where looters made off with Madouna's purple bustier during the rioting in Los Angeles, got some good news. A fashion designer, Andre Van Pier, says he is donating the white lace bra the pop star wire in her "Like a Virgin" video. "I wanted to do something positive to undo some of the damage that was done to Hollywood during the last week," Van Pier said.

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